



NEWFOUNDLAND AND LABRADOR

BUDGET06

HIGHLIGHTS



The Right Choices:
Momentum for Growth and Prosperity



The Right Choices: Momentum For Growth and Prosperity

Budget Overview

Economic Performance

- Review of 2005
 - Real GDP increased by 1.7% driven mainly by an increase in mineral exports and modest growth in investment and consumer spending.
 - Capital investment increased to over \$4.3 billion, up 1.8% over 2004 levels.
 - The unemployment rate declined to 15.2% in 2005, the lowest level since 1981.
- Forecast for 2006
 - Real GDP is expected to grow by 6.2% driven primarily by oil and mineral production.
 - Employment is expected to grow 0.6% to 215,400 and the unemployment rate is forecast to decline 0.2 percentage points to 15.0%.

Fiscal Performance 2005

- \$76.5 million surplus versus budget target deficit of \$492.5 million. The improvement is driven largely by higher oil royalties and Atlantic Accord protection.
- Government ahead of target in eliminating deficit.

Budget Plan for 2006

- \$6.2 million surplus forecast.
- \$156.0 million savings on debt servicing costs reinvested into programs.
- \$927.0 million expected in royalties and corporate income tax directly from oil activity.
- No new taxes and only one tax increase. Effective 12:01a.m., March 31, 2006, the tobacco tax rate on cigarettes will increase by one cent per cigarette and by five cents per gram of fine-cut tobacco.

Investing in Education

- More than a \$100 million increase has been allocated for the Province's education system.
- \$5.2 million (\$9.1 million annually) is provided to retain 151 teaching positions that were slated for removal in 2006-07 and \$250,000 for a review of the teacher allocation model.
- \$5.3 million is committed to reduce the age of school busses, to purchase 67 new busses, and to offset maintenance and increased cost of fuel.
- Additional operating funding of \$32.2 million will be provided to Memorial University.
- Additional operating funding of \$8.5 million will be provided to the College of the North Atlantic. This operational funding includes an expansion of the availability of the Comprehensive Arts and Science College Transition Program, faculty upgrading, shop modernization, program development and marketing.
- \$1.5 million is provided to ensure our school boards have adequate staffing resources, in order to effectively deliver services and supports to individual schools in each district.
- \$150,000 is allocated to review the ISSP/Pathways Model.
- \$2.2 million is allocated to provide laboratory safety equipment and teacher training for schools with grades 7-12.
- \$2.0 million is allocated for course development and the purchase of equipment for schools.
- \$1.0 million investment in Physical Education equipment.
- \$300,000 for each of the next 3 years is provided to develop a senior high school Newfoundland and Labrador history course.
- \$1.1 million is allocated for a research/training ship for Marine Institute.
- \$125,000 is provided to create a liaison position to strengthen partnerships between school boards and school councils and to support volunteer work of parents.
- \$250,000 is provided to extend the hours of operation at 42 public libraries.

- \$500,000 is provided for the Offshore Safety and Survival Centre in Foxtrap which provides services to the offshore petroleum marine transportation and fisheries industries.
- \$600,000 of funding is provided to support Apprenticeship Training Programs at Memorial University and other government funded entities.
- \$270,000 is provided to increase the participation rate for women in apprenticeship and skilled trades initiatives.

Unleashing Innovation

- \$20.0 million to be invested over 4 years for the Innovation Strategy including a Commercialization Fund and Innovation Enhancement Fund.
- \$100,000 is provided for a Skills Task Force to identify skills gaps and the Province's future skill requirements.
- An additional \$16.5 million is provided for White Paper Initiatives. This includes increased funding for grant in aid, to allow Memorial University and College of the North Atlantic to maintain tuition reductions, and other strategic investments.
- Funding of \$7.5 million is provided for the Industrial and Research Innovation Fund as part of a three year escalating commitment.
- \$54.0 million in dividends to be retained by NL Hydro to increase the public utility's leverage.
- \$1.4 million is provided for support of key energy policy development initiatives including completion and implementation of the Provincial Energy Plan, and advice on energy policy developments.
- \$1.5 million is provided to attract and retain professional staff and expertise in key management and technical skill areas to enable government to remain competitive with energy based industries.
- \$500,000 provided to prepare the Centre for Environmental Excellence in Corner Brook for environmental R&D and commercialization opportunities.
- 34 fees have been reduced or eliminated to reduce burdens on businesses and individuals for a total savings of \$1.5 million. In addition, the elimination of the Liquor Licensee Levy will result in savings of \$1.95 million for the beverage industry.

- An additional \$7.5 million will be invested for new and continuing IT projects of the Office of the Chief Information Officer.
- \$8.0 million is allocated for the Small and Medium Enterprise Fund to support business development throughout the province.
- \$5.0 million is provided for the continuation of the Regional/Sectoral Diversification fund.
- An additional \$200,000 is allocated for the Ireland Business Partnerships, thereby increasing its annual budget to \$500,000.
- \$2.0 million is retained for the Newfoundland and Labrador Film Development Corporation's Equity Investment Program. In addition, \$550,000 is allocated for core operational support, representing an increase of \$260,000.

Investing in Infrastructure

- There will be an unprecedented investment in excess of \$2 billion to modernize the Province's infrastructure and continue to grow the economy over the next 6 years.
- \$142.2 million has been allocated for a Roads Construction Program. This Program will include such initiatives as:
 - \$60.0 million in Provincial Roads Improvement program;
 - \$29.7 million in cost shared TCH improvements;
 - \$25.5 million for Phase III of the Trans-Labrador Highway;
 - \$10.0 million in cost shared funding to extend the Team Gushue Highway and begin the Torbay By-pass Road, including \$6.0 million for land acquisition;
 - \$2.0 million for land acquisition for various road projects; and
 - \$15.0 million for Trans-Labrador Highway Phase I sealed surface, subject to Federal cost shared commitment.
- \$12.4 million is allocated for summer and winter maintenance, including funding to replace heavy equipment, such as snow plows, and implement a salt management plan.
- \$2.2 million is allocated to complete the Chateau Pond depot on the Trans-Labrador Highway, and renovate the highway depot in Lumsden and a garage in Eastport.
- \$9.0 million is allocated for refits to ferry vessels.
- \$6.1 million is provided for the maintenance of wharves and terminals.

- \$1.5 million is provided to initiate design for construction of two vessels right here in Newfoundland and Labrador.
- \$22.5 million committed to the Municipal Capital Works Program which will lever further municipal funding.
- Government will administer the \$19.8 million federal gas tax rebate program for municipal environmentally sustainable projects.
- \$1.0 million is provided to access funding under the Canada Strategic Infrastructure Fund II to advance large-scale infrastructure projects. This is the first instalment in a multi year arrangement that will address large scale infrastructure projects valued at over \$10 million each.
- \$9.0 million in new commitments for the Municipal Rural Infrastructure Fund with a focus on projects that improve the quality of the environment.
- A further \$700,000 will be invested under the Canada - Newfoundland and Labrador Infrastructure Program.
- \$18.0 million will be invested in public buildings for maintenance, reconfiguration, remediation and demolition.
- \$12.0 million has been allocated for repairs to hospitals and nursing homes to address fire and life safety, occupational health and safety and building integrity issues.
- \$2.15 million has been allocated to begin construction on a courthouse in Corner Brook to better serve the public in a secure setting.
- Close to \$40.0 million is being included in the 2006-07 budget in the health care sector for a number of capital construction projects including Corner Brook, Clarenville, and Happy Valley-Goose Bay long-term care facilities; the Grand Bank Health Centre, health care centre in Labrador City, renovate a hospital wing at James Paton Memorial Hospital in Gander, the Cancer Centre in Grand Falls-Windsor and renovations to the Blue Crest Nursing Home, the Humberwood Addictions Centre in Corner Brook, and planning for long-term care planning in Lewisporte and St. John's.
- Capital investment in our education system includes \$20.4 million for Memorial University, \$8.6 million for College of the North Atlantic and \$37.0 million for the K-12 system.
- Funding is provided to reinstate the commercial weigh scales in Port Aux Basques and Foxtrap.

- \$6.5 million will be provided for capital expenditures for the College of the North Atlantic including \$4.5 million in investments for the Prince Philip Drive Campus, \$1.0 million to enhance the development of a new site in Labrador West and \$1.0 million to begin an extension to the campus in Happy Valley-Goose Bay.

Building Rural Regions

- \$10.0 million will be invested over 3 years in the Aquaculture Capital Investment Program, beginning with \$3.5 million this year.
- The budget for the Seafood Development and Diversification Program will be increased by \$250,000 a year for 5 years.
- \$300,000 per year for the next 5 years will be invested to implement the Strategy for the Recovery and Management of Cod Stocks in partnership with the Government of Canada.
- \$350,000 is being provided over 2 years to increase the Province's capacity for coastal and oceans management.
- Elimination of processing licence fee increases is planned for 2006-07 and 2007-08 and also the elimination of species surcharge increases planned for 2006-07.
- Allocation of \$360,000 for aquaculture industry support, doubling the investment in the program in this year.
- \$265,000 is budgeted to support new initiatives designed to address seafood trade and market barriers.
- \$100,000 is provided to enhance the promotion of the Province's seafood products and develop a broader range of international market opportunities.
- An increase of \$100,000 is provided for the Strategic Infrastructure Program bringing the total value of the program to \$300,000. This will assist in upgrading fisheries infrastructure to improve efficiency, product quality, and safety in the landing and handling of fish.
- \$500,000 is allocated to take the next step to commercialize cod aquaculture through the creation of a commercial-scale cod demonstration farm.

- Investments of approximately \$9 million in the agriculture industry including:
 - \$4.0 million in new funding for the Agrifoods Development Fund;
 - \$2.0 million for the Provincial Agrifoods Assistance Program;
 - \$2.3 million for acquisition of agricultural farmland and construction of agricultural roads;
 - \$342,300 for the Agriculture Limestone Program to help enrich the dairy and sod sectors.
- To ensure a healthy wood supply, the budget allows for \$800,000 in new funding to conduct a forest inventory, a \$1.0 million increase in each of the next 3 years for silviculture initiatives to replenish our resources, and a \$1.0 million increase for forest insect control and fire suppression.
- \$4.25 million is provided for investment in the Community Enhancement Program to support the immediate need for short-term employment of many residents of rural communities.
- \$1.1 million will be provided to the Bull Arm Site Corporation to manage the site and attract more offshore fabrication.
- \$2.5 million is allocated to the Mineral Incentive Program, an increase of \$900,000, to promote mineral prospecting and exploration activity in the province, plus an additional \$500,000 to conduct more regional geological work.
- Funding is continued for the Inland Fisheries Enforcement Program to combat salmon poaching throughout the province.
- \$100,000 is budgeted to prepare and implement a sealing industry communications strategy to combat misinformation about the \$40 million a year industry.

Renewing our Commitments to Labrador

- More than \$50.0 million in funding is provided to construct infrastructure in Labrador in 2006-07 as part of commitments totalling more than \$200 million over the next 4 years.
- \$325,000 is provided to proceed with development of the Labrador Transportation Strategy.
- \$1.3 million is allocated to implement the Labrador Inuit Land Claims Agreement.

- \$240,000 is provided over two years for an Aboriginal suicide prevention initiative to be cost-shared with the Federal Government.
- Funding for the Air Foodlift Subsidy has been increased by one third raising the funding level to \$400,000.
- \$100,000 represents the second year funding in a three year commitment for Destination Labrador tourism marketing initiative.
- \$1.9 million is committed for the provincial contribution to establish a performance space in Happy Valley-Goose Bay.
- \$759,000 is provided to extend the operation season of the Straits Ferry Service by 4 weeks.
- Funding is provided to establish Supreme Court circuit courts for coastal communities to improve access to justice services in remote areas.

Investing in our Heritage

- \$17.6 million has been provided over the next 3 years to support the continued success and growth of professional artists and cultural industries with the adoption of the Province's first strategic cultural plan, Creative Newfoundland and Labrador: The Blue Print for Development and Investment in Culture.
- \$200,000 is provided for the core operational funding under the Cultural Economic Development Program.
- Increase is provided in the allocation to the Newfoundland and Labrador Arts Council by \$300,000 this year, bringing its funding to \$1.15 million so it can better support the arts community. The cumulative new investment in the Arts Council over the next 3 years will be \$1.8 million, which will double the Council's existing budget.
- \$2.0 million has been committed to bring our total tourism marketing budget to \$10.0 million.
- \$3.8 million has been committed toward improving the Province's Arts and Culture Centres, Provincial Historic Sites, regional museums and other cultural institutions, including the LSPU hall and Colonial Building.
- \$125,000 is provided for infrastructure improvements and interpretation at the Corner Brook Museum, with a total investment of \$325,000 over two years.

- \$1.6 million over two years is provided to create leading edge and technologically-based provincial Visitor Information Centres.
- \$482,500 is provided over 3 years to support the creation and operation of a new Visitor Information Centre at St. John's Airport in partnership with the City of St. John's and the St. John's Airport Authority.
- A further \$700,000 is committed this year for a total Provincial contribution of \$2.0 million toward the creation and operation of a new Provincial Training Centre for athletes.
- \$500,000 has been provided for continued implementation of the Province's Climate Change Action Plan and \$1.0 million has been earmarked for the clean up of selected contaminated sites throughout the province.
- \$3.0 million will be provided over 2 years to assess the status of 10 of the Province's major Caribou populations.
- \$1.0 million will be provided to make various improvements to several Provincial parks.
- \$259,000 has been provided to continue the Natural Areas System Plan.

Reducing Poverty and Increasing Self Reliance

- \$8.3 million this year, and \$32.8 million annualized is provided to extend eligibility for the Newfoundland and Labrador Prescription Drug Program to more low income-residents.
- \$430,000 in 2006-07 (\$570,000 annually) is provided to extend Income Support to clients starting a job during the first critical month, and simplify the process for reporting income.
- An additional \$500,000 in funding is provided to continue employment development.
- \$1.5 million in 2006-07 (\$2.0 million annually) will be provided for new skills development courses.
- \$6.3 million will be provided to increase the instructional grant to school boards and to cover prescribed workbooks and consumable materials currently charged to parents.
- \$250,000 will be spent to implement new school guidelines to promote healthy eating. In addition, \$500,000 will be invested in the Kids Eat Smart Foundation.

- \$250,000 will be committed to provide continued support of the Jumpstart Program.
- \$500,000 is earmarked for a rental rebate for tenants of Newfoundland and Labrador Housing for residents attending levels 2 to 4 in high school or post-secondary school.
- The investment in adult basic education is increased by \$1.2 million to expand the number of courses. \$228,000 is provided for the review of the adult basic education program.
- \$5.6 million in 2006-07 (\$7.4 million annually) will be invested to increase income support rates by 5% effective July 1, 2006.
- An additional \$3.0 million will be provided each year to index income support rates with the consumer price index for six years starting in 2007-08
- \$2.1 million in 2006-07 (\$2.8 million annually) will be provided to increase additional assistance for shelter rate.
- For families with children with disabilities, \$2.25 million has been provided to increase access to the Special Child Welfare Allowance Program.
- A further \$1.1 million to strengthen the provincial legal aid system is also budgeted. This includes 2 lawyers and 1 administrative support person for Happy Valley Goose Bay which is consistent with the recommendations of the Aboriginal Law Project Report. This funding will also provide an additional 2 lawyers and 1 administration support person for other areas of the province and operational support.
- Total funding for Women's Centres is increased by \$80,000 per year.

Ensuring Safe and Secure Communities

- Investment of \$3.1 million will be made to strengthen the police presence throughout the Province, including hiring 9 new RCMP officers, filling 9 vacant regular member positions, creating 8 new RNC constable positions, and creating a new RNC dog unit in Corner Brook.
- Approximately \$6.9 million is provided for the operations of the RCMP and RNC, including 5 new administrative positions, 4 new civilian dispatchers, 2 RCMP Operational Communication Centre positions, 2 RCMP public service positions in Labrador, and various other operational pressures.

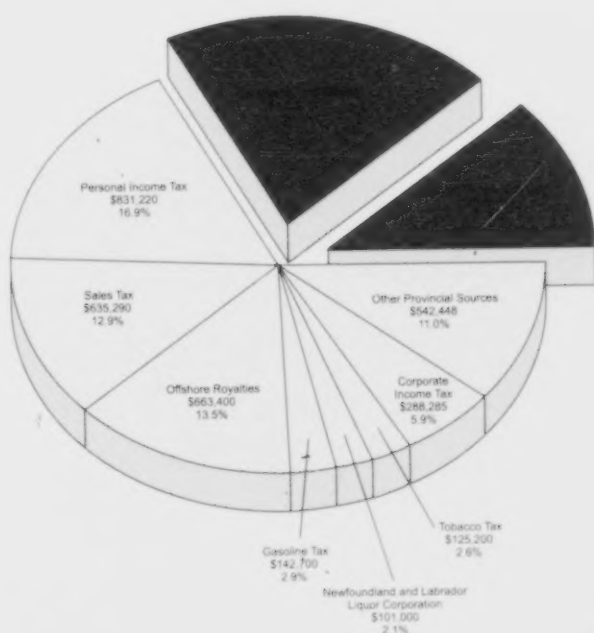
- \$100,000 is provided for Sex Offender and Spousal Abuse Treatment Programs.
- An investment of \$219,500 is made to expand court security in Happy Valley-Goose Bay, Wabush and Grand Falls-Windsor.
- Funding is provided for 55 new child, youth and family services positions over the next 3 years, beginning with a new investment of \$1.5 million in 2006-07.
- An additional \$305,000 is provided to support transition homes in Labrador West, Hopedale and St. John's.
- \$1.25 million is provided to support Government's new 6 year action plan on violence prevention.

Improving our Health

- Total current and capital investment is increased by \$180.0 million compared to last year.
- In excess of an additional \$60.0 million will maintain core health and community services through Regional Integrated Health Authorities.
- \$15.6 million in new funding will be invested to help prevent and treat cancer. This includes:
 - \$3.3 million to construct 2 new bunkers to house 2 new radiation treatment machines at the Dr. H. Bliss Murphy Centre;
 - \$1.5 million to enhance the Provincial Cervical Screening Program;
 - \$750,000 for breast cancer screening centres in Grand Falls-Windsor and St. John's and other program enhancements;
 - \$6.4 million to introduce new treatment therapies for colorectal cancer and multiple myeloma; and
 - \$3.6 million to cover cancer medications.
- \$6.0 million is provided to bring the personal care home subsidy rate from \$1,138 to \$1,500 effective July 1, 2006, and to provide additional subsidies.
- \$2.7 million is provided to reduce wait lists for home support for seniors and persons with disabilities.
- \$1.7 million will be invested to add new medications to the Provincial formulary such as medications to treat Alzheimer's, anemia from cancers, among other disorders.

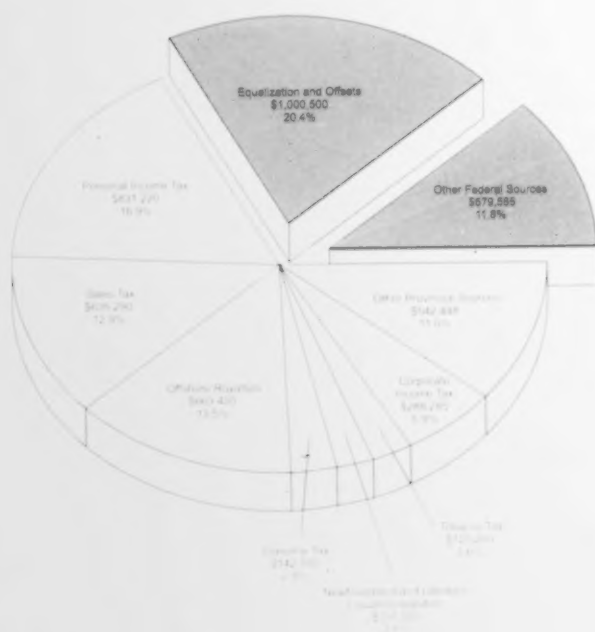
- \$1.5 million is allocated to address growing demand for services at existing sites. Government will proceed with 3 new renal dialysis units on the Burin Peninsula, in Happy Valley-Goose Bay and in St. Anthony.
- \$3.7 million is provided to support implementation of the Provincial wellness plan Go Healthy, an increase of \$1.3 million this year.
- \$1.0 million is allocated to enhance primary mental health services.
- \$1.0 million is provided to add 9 new addictions counsellors and to respond to needs identified in the Gambling Prevalence Survey.
- \$4.6 million is allocated to strengthen public health including hiring 39 public health nurses over the next two years and enhancement of animal health services.
- \$11.2 million is invested in new hospital and long term care equipment including the construction of the two bunkers for the radiation units and \$1.2 million for the new dialysis sites.
- \$4.1 million has been allocated to improve the effectiveness of the children's Dental Program to ensure children are able to take full advantage of the program.
- \$651,900 is provided to increase the rate paid to caregivers of children in care by 15% over the next 3 years, beginning with a 5% increase this year.
- \$227,000 is provided for alternate family care providers, who care for persons with developmental disabilities, to receive an increase of 15% over the next 3 years.
- \$350,000 in funding to provide coverage of pediatric enteral nutrition for children with severe bowel diseases, such as Crohn's and Colitis.
- New funding is provided to enable people, for the first time, to benefit from in vitro fertilization procedure without having to leave the province.

SUMMARY OF CURRENT REVENUES (By Source) WHERE THE MONEY COMES FROM



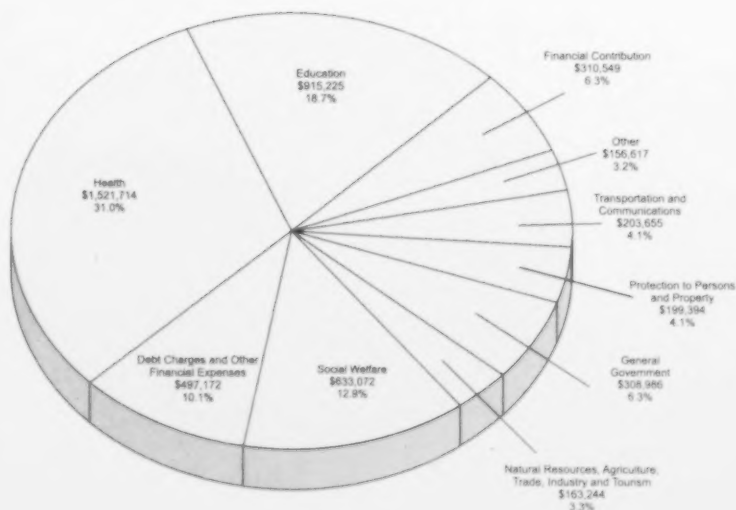
Percentage Of Total		Source	Amount (\$'000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
Provincial:				
16.4	16.9	Personal Income Tax	831,220	809,446
12.4	12.9	Sales Tax	635,290	608,467
9.6	13.5	Offshore Royalties	663,400	471,800
2.9	2.9	Gasoline Tax	142,700	141,500
		Newfoundland and Labrador Liquor Corporation	101,000	99,000
2.0	2.1	Tobacco Tax	125,200	116,400
2.4	2.6	Corporate Income Tax	288,285	297,619
6.0	5.9	Other Provincial Sources	542,448	633,643
12.8	11.0			
64.5	67.8	Total: Provincial	3,329,543	3,177,875
Government of Canada:				
24.0	20.4	Equalization and Offsets	1,000,500	1,183,259
11.5	11.8	Other Federal Sources	579,585	567,508
35.5	32.2	Total: Government of Canada	1,580,085	1,750,767
100.0	100.0	Total	4,909,628	4,928,642

SUMMARY OF CURRENT REVENUES (By Source) WHERE THE MONEY COMES FROM



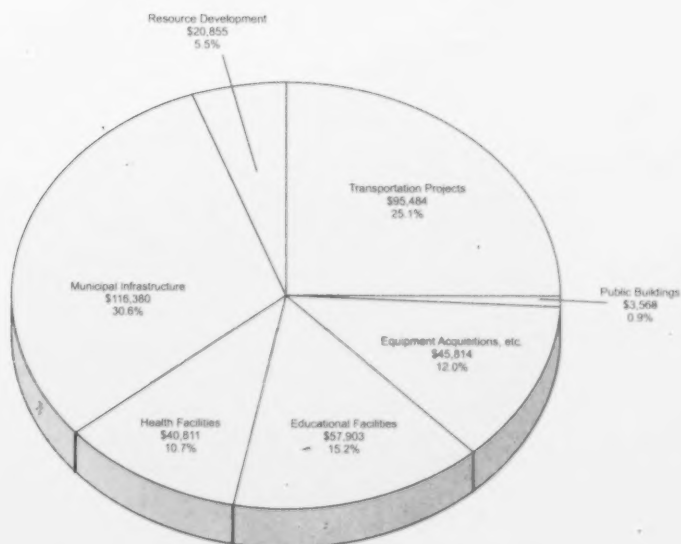
Percentage Of Total		Source	Amount (\$000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
Provincial				
16.4	16.9	Personal Income Tax	891,220	892,446
12.4	12.9	Sales Tax	400,290	400,400
9.6	13.6	Offshore Revenues	400,400	411,820
2.9	2.9	Excise Tax	242,700	242,500
		Newfoundland and Labrador		
2.1	2.1	Tobacco Tax	120,000	99,000
2.4	2.6	Corporate Tax	300,200	116,400
6.0	5.9	Corporate Income Tax	288,200	287,610
12.8	11.0	Other Provincial Sources	542,448	633,543
64.5	67.8	Total Provincial	3,329,543	3,177,875
Government of Canada				
24.0	20.4	Equalization and Others	1,000,500	1,181,250
11.8	11.8	Other Federal Sources	679,589	687,518
35.8	32.2	Total Government of Canada	1,680,089	1,868,768
100.0	100.0	Total	4,909,632	4,926,643

SUMMARY OF CURRENT ACCOUNT EXPENDITURES (By Function) WHERE THE MONEY GOES



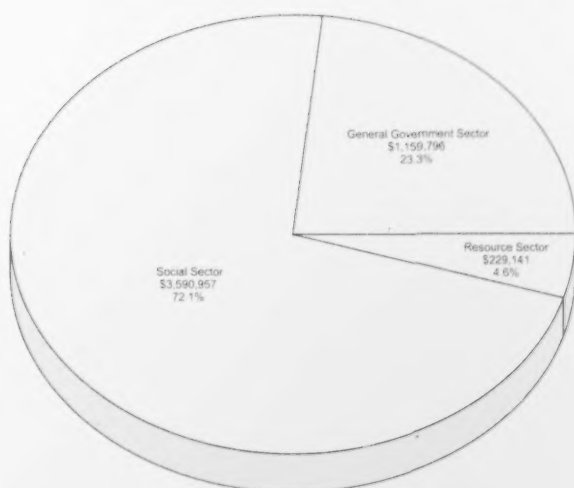
Percentage of Total		Function of Expenditure	Amount (\$000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
		Expenditure:		
17.4	18.7	Education	915,225	858,034
28.3	31.0	Health	1,521,714	1,395,134
10.0	10.1	Debt Charges and Other Financial Expenses	497,172	492,607
12.1	12.9	Social Welfare	633,072	594,387
2.6	3.3	Natural Resources, Agriculture, Trade, Industry and Tourism	163,244	130,097
6.1	6.3	General Government	308,986	299,210
3.8	4.1	Protection to Persons and Property	199,394	188,974
3.5	4.1	Transportation and Communications	203,655	172,739
2.9	3.2	Other	156,617	141,925
86.7	93.7	Total: Expenditures	4,599,079	4,273,107
13.3	6.3	Financial Contribution	310,549	655,535
100.0	100.0	Total	4,909,628	4,928,642

SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES (By Function)



Percentage of Total		Category of Capital Expenditure	Amount (\$000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
Expenditure:				
23.1	25.1	Transportation Projects	95,484	57,618
7.9	5.5	Resource Development	20,855	19,675
33.9	30.6	Municipal Infrastructure	116,380	84,630
5.7	10.7	Health Facilities	40,811	14,270
10.6	15.2	Educational Facilities	57,903	26,524
17.4	12.0	Equipment Acquisitions, etc.	45,814	43,305
1.4	0.9	Public Buildings	3,568	3,560
100.0	100.0	Total: Expenditure	380,815	249,582
Source of Financing:				
7.2	18.0	Government of Canada Revenues	68,510	17,856
13.0	0.5	Provincial Revenues	1,923	32,348
79.8	81.5	Financial Requirement	310,382	199,378
100.0	100.0	Total: Sources	380,815	249,582

**SUMMARY OF GROSS GOVERNMENT EXPENDITURES
CURRENT AND CAPITAL
(By Sector)**



GROSS GOVERNMENT EXPENDITURE

	Estimate 2006-07 (\$000)	Percentage of Total %
Sector Expenditure		
General Government	1,159,796	23.3
Resource	229,141	4.6
Social	3,590,957	72.1
Total: Expenditure	4,979,894	100.0

RESOURCE SECTOR

	Estimate 2006-07 (\$000)	Percentage of Total %
Business	3,819	0.1
Environment and Conservation	30,813	0.6
Fisheries and Aquaculture	15,649	0.3
Innovation, Trade and Rural		
Development	45,837	0.9
Natural Resources	87,515	1.8
Tourism, Culture and Recreation	45,408	0.9
Total: Resource Sector	229,141	4.6

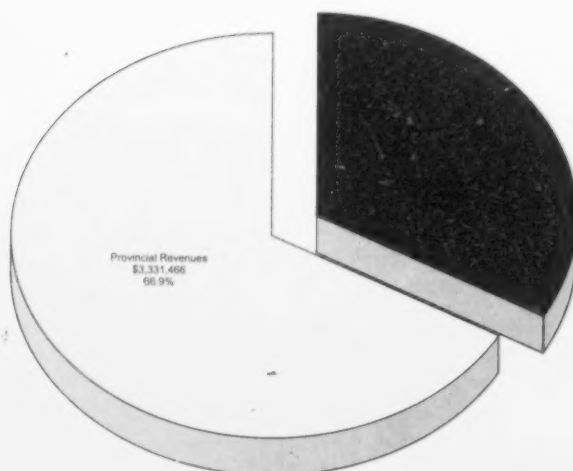
SOCIAL SECTOR

	Estimate 2006-07 (\$000)	Percentage of Total %
Education	989,369	19.9
Health and Community Services	1,964,913	39.4
Human Resources, Labour and Employment	284,333	5.7
Justice	159,190	3.2
Municipal Affairs	178,041	3.6
Newfoundland and Labrador Housing Corporation	15,111	0.3
Total: Social Sector	3,590,957	72.1

GENERAL GOVERNMENT SECTOR

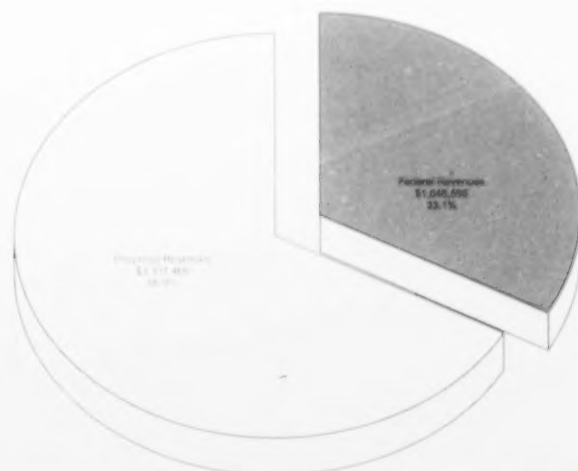
	Estimate 2006-07 (\$000)	Percentage of Total %
Consolidated Fund Services	569,070	11.4
Executive Council	81,816	1.6
Finance	77,044	1.6
Government Services	30,471	0.6
Labrador and Aboriginal Affairs	4,258	0.1
Legislature	15,610	0.3
Public Service Commission	2,016	0.1
Transportation and Works	379,311	7.6
Total: General Government Sector	1,159,796	23.3

SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)



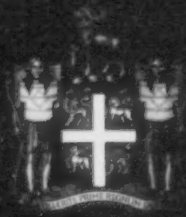
Percentage of Total		Category of Financing	Amount (\$000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
		Revenue Sources:		
71.0	66.9	Provincial	3,331,466	3,210,223
39.1	33.1	Federal	1,648,595	1,768,623
<u>110.1</u>	<u>100.0</u>		<u>4,980,061</u>	<u>4,978,846</u>
		Budgetary Requirements:		
4.4	6.2	Capital Account (Net Expenditure)	310,382	199,378
(14.5)	(6.2)	Current Account (Financial Contribution)	(310,549)	(655,535)
(10.1)	0.0	Total Budgetary Contribution:	(167)	(456,157)
<u>100.0</u>	<u>100.0</u>	Total: Sources	<u>4,979,894</u>	<u>4,522,689</u>

SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)



Percentage of Total		Category of Financing	Amount (\$'000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
Revenue Sources:				
71.0	66.9	Provincial	3,331,466	3,210,223
39.1	33.1	Federal	1,648,596	1,768,623
<u>110.1</u>	<u>100.0</u>		<u>4,980,061</u>	<u>4,978,846</u>
Budgetary Requirements:				
4.4	6.2	Capital Account (Net Expenditure)	310,382	199,378
(14.5)	(6.2)	Current Account (Financial Contribution)	(310,549)	(655,535)
<u>(10.1)</u>	<u>0.0</u>	Total Budgetary Contribution	<u>(167)</u>	<u>(456,157)</u>
<u>100.0</u>	<u>100.0</u>	Total Sources	<u>4,979,894</u>	<u>4,522,689</u>





NEWFOUNDLAND AND LABRADOR

BUDGET06



The Right Choices:
Momentum for Growth and Prosperity

March 30, 2006



GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

BUDGET SPEECH 2006

The Right Choices: Momentum for Growth and Prosperity

Delivered by

HONOURABLE LOYOLA SULLIVAN

-Minister of Finance and
President of Treasury Board



At The
Third Session of The Forty-Fifth General Assembly
of The House of Assembly

Thursday, March 30, 2006

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INTRODUCTION

The Right Choices: Momentum for Growth and Prosperity

Mr. Speaker, in 2003, our government was elected under the leadership of Premier Danny Williams to implement a comprehensive and far-reaching blueprint for economic and social development. On the second anniversary of our first budget, I am delighted to report that our economy is moving forward and the momentum is greater now than it has ever been. But rather than become complacent, our government believes now is the time to drive our economy even harder in order to reap even greater returns. Budget 2006 supports that fundamental belief.

Our change of circumstances is not the product of fate or chance. It is the result of responsible governing, careful planning and a great deal of cooperation and hard work. Our government entered office having inherited fiscal challenges that were clearly troubling and unsustainable. And though the future to some may have looked bleak, we had a vision of a stronger, sustainable, self-reliant Newfoundland and Labrador; and we also had a plan, an eight-year blueprint for prosperity to make our bold vision for this province a bright reality. We entered into a partnership with the people of Newfoundland and Labrador and with our public employees to focus our strengths on developing strategies that would help us seize opportunities – opportunities that hold the promise of a new era of progress in Newfoundland and Labrador. Everything we have done in the past two years and everything we do in the years ahead in putting our plan into action is focused on laying a solid foundation on which we will build a future of growth and prosperity that touches every region of our province. Newfoundland and Labrador is on the right track; we are more confident today than we have ever been; and we are sensing the momentum of progress as our destination comes more clearly into focus with each passing day.

I want to thank our public employees and the people of our province for working with us to build a stronger, more sustainable Newfoundland and Labrador. The tremendous fiscal progress we have made together is among our greatest achievements. Together, we stood proudly behind our Premier when he fought for and achieved a tremendous victory on the sharing of offshore revenue under the new Atlantic Accord.

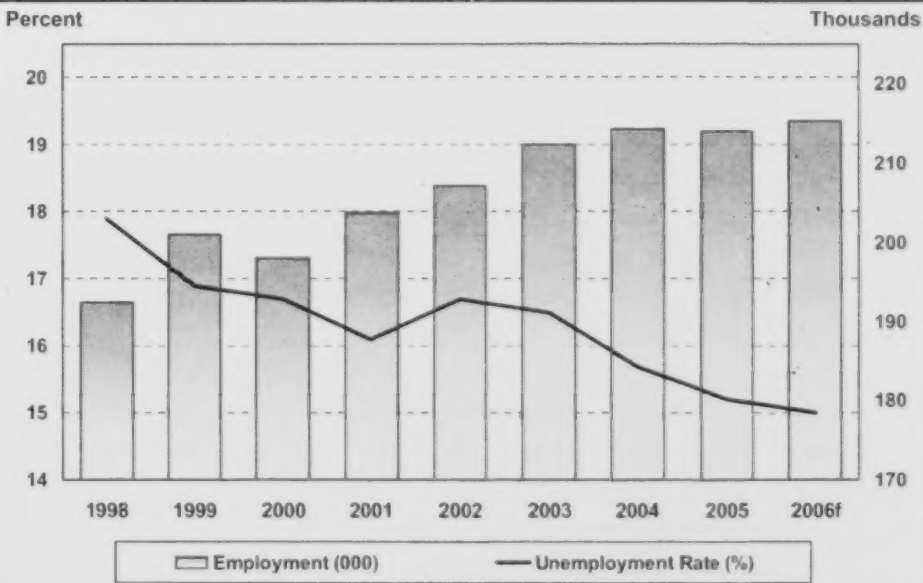


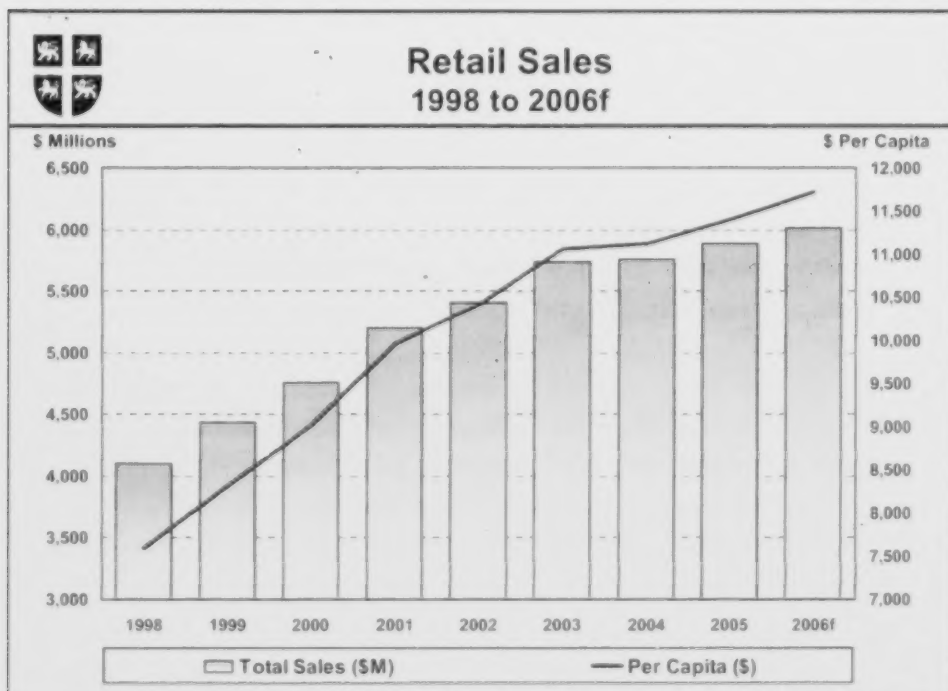
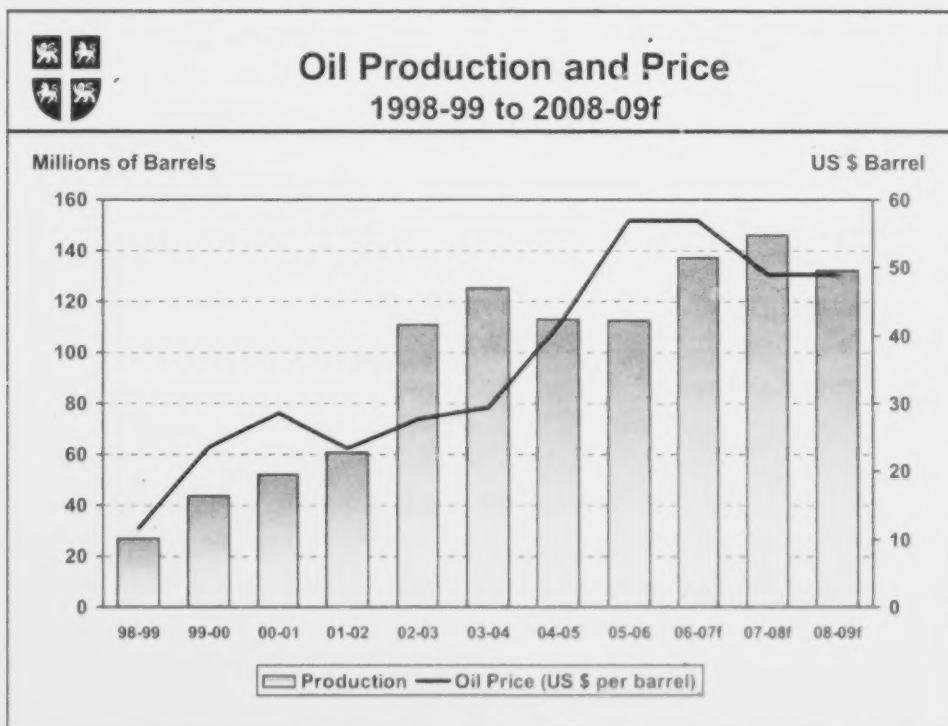
Newfoundland and Labrador
Main Economic Indicators
(Percentage Change)

	2005e	2006 f	2007 f	2008 f
Gross Domestic Product				
Nominal	14.9	11.4	-1.2	-2.4
Real	1.7	6.2	3.8	-1.5
Personal Income				
Nominal	3.4	4.4	2.3	2.1
Real	0.8	2.1	0.3	0.1
Retail Sales				
Nominal	2.2	2.3	1.3	1.5
Real	-1.1	1.1	-0.1	0.0
Housing Starts	-13.0	-8.5	-6.9	-4.2
Consumer Price Index	2.6	2.2	2.0	2.0
Employment	-0.1	0.6	0.9	0.8
Unemployment Rate (percent)	15.2	15.0	14.6	14.2



Employment and Unemployment Rate
1998 to 2006f





That victory, together with our other fiscal achievements in just the past two years, has strengthened the tools with which we are working to build a vibrant and self-reliant economy. With these tools in hand, we are strengthening our resolve to use them strategically, in the most effective ways we possibly can, so our efforts reinforce the foundation on which we are building and make Newfoundland and Labrador's economy robust and resilient.

FISCAL FRAMEWORK

Review of 2005-06

Mr. Speaker, before considering our detailed fiscal plans and expectations for 2006-07 and beyond, let us reflect on the year we are about to conclude.

A year ago, in Budget 2005, I laid before this House a plan which forecast a deficit of \$492.5 million. Mr. Speaker, I am pleased to report today that I now expect the province will report a surplus of \$76.5 million for the year 2005-06. This represents an improvement of \$569.0 million. This surplus reflects a benefit from the Atlantic Accord 2005 of \$322.3 million. Without the successful conclusion of negotiations by the Premier, the province would be facing a deficit of almost \$250 million.

This surplus is fully consolidated and, as such, includes the projections of each and every organization included in the government's reporting entity. During the 2005-06 fiscal year, our government made a decision to include the operations of Memorial University as part of the consolidated group, the last organization needed to complete the full consolidation process. These revised projections now fully report on the government's stewardship of taxpayers' money.

The improvement in financial position from budget is predominately the result of increased revenues. The increase results from rising oil prices and the reclassification of 2004-05 Atlantic Accord revenues to 2005-06. Of the \$545.6 million increase in revenues, \$367.2 million is directly attributable to oil revenues and \$133.6 million is due to the accounting reclassification. Because of responsible fiscal management, expenditures generally remained on track with the budget.

Forecast for 2006-07 and Beyond

Mr. Speaker, I am pleased to report that for the first time in our history the province is budgeting a surplus on a fully consolidated basis. The expected surplus of \$6.2 million reflects revenues from our strengthened economy, including a growing resource sector, the benefits of the Atlantic Accord, reduced expenses related to debt servicing and the impact of the recent health accords and equalization arrangements, and includes substantial investments in the social and economic fabric of the province.

Beyond 2006-07, the benefits of a strong economy, the Atlantic Accord and strategic investments indicate surpluses in the foreseeable future.

We are particularly pleased that, as a result of responsible budgetary decision making, we will this year be allocating a significantly smaller percentage of our resources to service our debt, and our debt burden as a percentage of the province's economic activity is significantly reduced. The province's debt servicing expense as a percent of total revenues is now 13.7 per cent, a reduction from 23.3 per cent in 2003-04. Our debt-to-GDP ratio is expected to be 47.9 per cent, a reduction from 63.4 per cent in just three years. This is marvelous news and a testament to the effectiveness of multi-year fiscal planning. These positive indicators clearly demonstrate that, by continuing to walk a responsible fiscal path, we are leading Newfoundland and Labrador steadily upward from the quagmire of debt that has been holding us back for so long from economic sustainability and self-reliance. We are on the right track, we are making tremendous progress, and we are prepared to stay the course.

BUDGET PLAN FOR 2006-07**Revenue Plan**

Mr. Speaker, the contribution of the oil industry to the provincial economy and treasury has changed dramatically over the past five years. The oil sector now contributes approximately 16 per cent to provincial GDP and about 18 per cent to provincial revenues. This compares to a contribution in 2002-03 of 7.8 per cent to GDP and 3 per cent to revenues.



Consolidated Statement of Operations 2005-06

(\$ Millions)

	Restated Budget 2005-06	Revised 2005-06	Variance
Revenue	4,522.6	5,068.2	545.6
Net Expenses:			
Program Expenses	4,226.5	4,234.0	(7.5)
Debt Servicing Expenses	963.0	934.3	28.7
Total Net Expenses	5,189.5	5,168.3	21.2
Net Income of Government Business Enterprises	174.4	176.6	2.2
Consolidated Surplus/ (Deficit)	(492.5)	76.5	569.0

* Restated to reflect the inclusion of MUN in the Consolidated Entity



Consolidated Statement of Operations

(\$ Millions)

	Estimates 2006-07	Revised 2005-06
Revenue	5,188.8	5,068.2
Net Expenses:		
Program Expenses	4,581.6	4,234.0
Debt Servicing Expenses	778.0	934.3
Total Net Expenses	5,359.6	5,168.3
Net Income of Government Business Enterprises	177.0	176.6
Consolidated Surplus	6.2	76.5

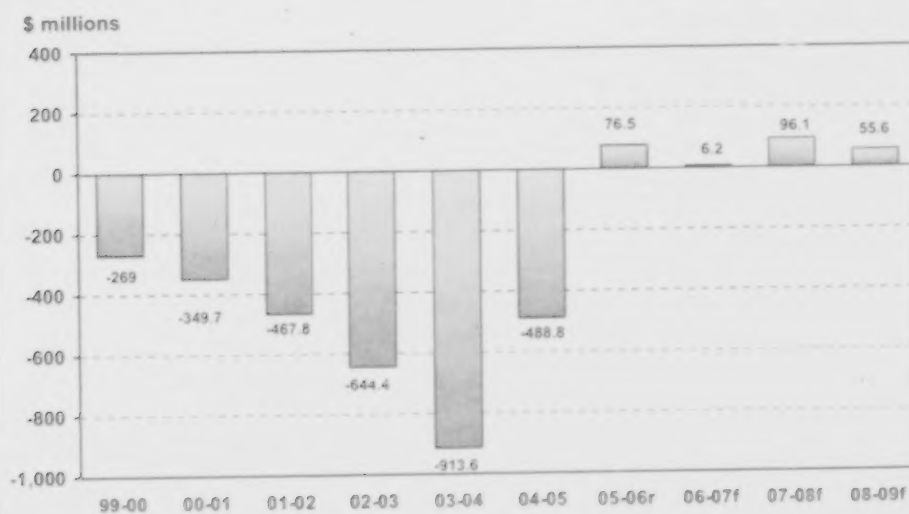


The Budget Plan 2006 (\$ Millions)

	2006-07f	2007-08f	2008-09f
Revenue	5,188.8	5,423.4	5,533.5
Net Expenses:			
Program Expenses	4,581.6	4,739.2	4,895.5
Debt Servicing Expenses	778.0	764.5	762.5
Total Net Expenses	5,359.6	5,503.7	5,658.0
Net Income of Government Business Enterprises	177.0	176.4	180.1
Consolidated Surplus	6.2	96.1	55.6

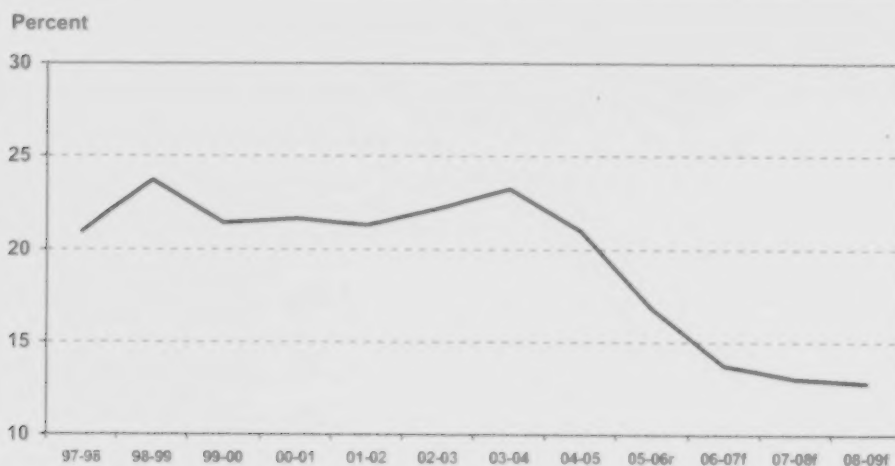


Consolidated Surplus / (Deficit) 1999-00 to 2008-09f

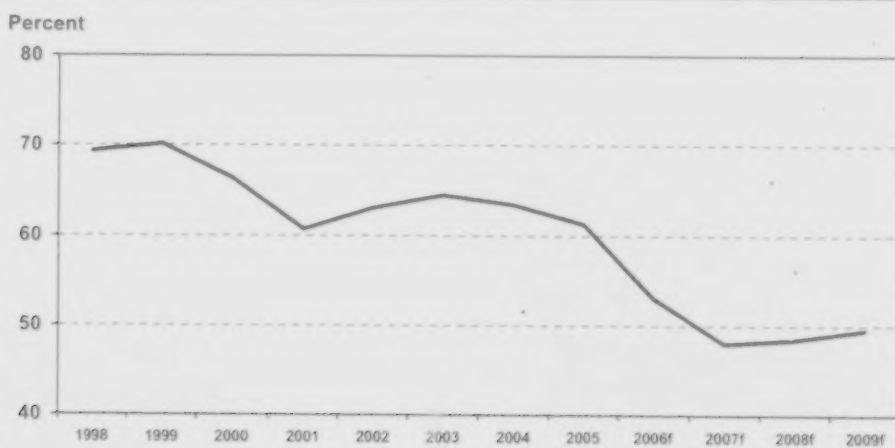




Debt Expenses as a Percent of Revenue 1997-98 to 2008-09f



Net Debt as a Percent of GDP 1998 to 2009f



Note: As of March 31st of the year.

In 2006-07, the province is expecting to generate royalties from oil production of \$703 million and corporate income tax from companies operating in the offshore area of \$224 million. This represents direct revenue from offshore oil of \$927 million in this year alone. This forecast assumes the average price per barrel of oil will be \$US57. Added to this is the benefit accruing to the people of the province from the Atlantic Accord arrangements which will contribute an additional \$329 million in 2006-07.

As a benefit of our actions and successes of the past year, we are now in a position to announce that there are no new taxes and, with one exception, no tax rate increases in this year's budget.

Our primary reason for implementing this solitary tax increase is not to raise new revenue, but to further discourage our people from smoking, particularly our province's young people, whose spending decisions tend to be more price-sensitive. Effective a minute after midnight tonight, we will raise the tax rate by one cent per cigarette and by five cents per gram of fine-cut tobacco.

A critical element of a competitive economy is its taxation regime. This province has been forced to impose a tax burden on its residents that is high in relation to other jurisdictions. Over the coming fiscal year, our government will undertake a review of the province's overall tax structure. The government will also give consideration to whether it will mirror federal changes to the dividend tax credit, once details are released by the federal government. This will be done in conjunction with a review of the potential impacts of income trusts on corporate income tax.

Expenditure Plan

Mr. Speaker, we are delighted that, as a result of hard work over the past two years, we are no longer in the position of requiring significant additional revenues from Newfoundlanders and Labradorians. But having made significant fiscal progress and having secured significant new revenues through the Atlantic Accord and other initiatives, we would be fooling ourselves and undermining our future if we were to lose sight now of the purpose for which we sought fiscal stability in the first place. Newfoundland and Labrador continues to carry a heavy burden of net debt – in total, about \$12 billion – more than \$23,000 for every person in our province, from the oldest to the very youngest. Servicing that debt each year draws hundreds of millions of dollars away from the resources we might otherwise use to strengthen our social

programs and grow our economy. The government is obligated to cover liabilities in various pension plans which previous administrations over the years raided to cover their other expenses. We are the future generations that have inherited the consequences of those decisions. We will not burden our grandchildren with the consequences of our own. But we also recognize that there is more to growing an economy than simply reducing the debt. Newfoundland and Labrador also has a significant infrastructure deficit caused by years of neglect of our roads, ferries, hospitals, schools and other public buildings. Reliable infrastructure is essential to attract investment, capitalize on opportunity and stimulate sustainable economic activity. No less essential for economic sustainability are strategic initiatives that will harness our resources, diversify our economy, educate our people and reduce the barriers to growth and success. It is only by striking an optimal balance and continuing to lay the foundation for economic growth that we will move beyond the downward spirals of the past and fuel the momentum that is advancing us toward a sustainable future.

So with our goal of a strong and self-reliant Newfoundland and Labrador clearly in view, we are moving ahead this year to strike the perfect balance that marries fiscal stability with strategic economic investment. Firstly, we are investing responsibly in reducing our exposure to debt by applying a significant portion of the Atlantic Accord revenue against our pension plan liabilities – liabilities that we would otherwise have to borrow significantly to cover when they come due. This investment will actually free up money we would otherwise need to allocate toward debt servicing. To reinforce our commitment to fiscal prudence, our government will also move to bring balanced budget legislation forward for consideration by this House before the end of this mandate. The days of passing a debt burden on to our children and grandchildren must end. Secondly, we will invest strategically in a bold range of measures to strengthen our education system, unleash an innovation revolution, bolster our public infrastructure, diversify our rural economies, empower Labrador, invigorate our cultural industries, reduce poverty, secure our communities and enhance our public health care system for the long-term benefit of all Newfoundlanders and Labradorians. This is the perfect balance. These are the right choices to sustain momentum for growth and prosperity in Newfoundland and Labrador.

THE RIGHT CHOICES

INVESTING IN EDUCATION

Mr. Speaker, no investments are more important to the success and sustainability of Newfoundland and Labrador than those we make in our education system. We have a moral obligation to provide a solid educational foundation to those whose future is in our hands. To deny our young people a sound education would be to deny Newfoundland and Labrador a sustainable future, and that would run contrary to everything we are working to achieve.

So this year, despite the fact the current teacher allocation formula calls for the removal of 151 teaching units from our K-to-12 school system, we are investing \$5.2 million, which means \$9.1 million for a full year, to ensure that not a single one of those teaching units will be cut from our school system this year. We will reinvest those teaching units in strategic areas to address specific concerns: to enhance career counseling, to deliver futures in skilled trades and technology programming and to extend our commitment to cap class sizes to include Grade 2. We will also review the teacher allocation model to determine the best way to address declining enrolments and demographic shifts without compromising the education our children receive.

We cannot overstate the importance of the work our province's teachers do in preparing our young people to seize the opportunities before them. Inclusion strategies, such as the Individual Support Services Plan, impose significant red tape and documentation requirements on teachers. This year, we will conduct an independent review of this program to identify ways to make it easier for teachers to deliver inclusive education to children with complex and divergent needs.

We also appreciate the importance of ensuring our students have access to the curriculum they need to succeed. This year, we will allocate \$2 million for course development and the purchase and upgrading of equipment for schools. This will be paired with a recent \$4 million investment for machinery, tools and technology equipment. We will invest another \$2.2 million to provide laboratory safety equipment and lab training for teachers in Grades 7 through 12. We are also moving ahead to develop new curriculum that will enable senior high students to focus on Newfoundland and Labrador's unique history. This will complement the Cultural Connections strategy we commenced last year.

Physical education is beneficial, not only for educational purposes, but also for fitness and personal enrichment. We will invest \$1 million this year to extend the purchase of physical education equipment to intermediate grades, consistent with our government's wellness agenda. This initiative will reinforce the work of the provincial wellness plan, *Go Healthy*, by increasing fitness opportunities. We are also continuing to work this year with the Government of Canada to develop a new provincial sports policy, and we are allocating an additional \$100,000 to enable our athletes to compete in Whitehorse in the 2007 Canada Games.

In keeping with our commitment to ensure safe environments for our children, we are investing \$5.3 million to reduce the age of school buses, to purchase 67 new buses and to offset maintenance and the increased cost of fuel.

School board consolidation has, admittedly, made it more difficult for school councils to have direct contact with board personnel. So we are providing funding to hire a liaison within the Department of Education to ensure the voices of parents and communities are heard.

Public libraries have always played an important role in extending education from the classroom into the community. We will provide \$250,000 a year in order to lengthen the hours at forty-two public libraries where local demand exceeds existing hours of operation.

UNLEASHING INNOVATION

Mr. Speaker, last year we released our White Paper on **Post-secondary Education**, a strategy to improve accessibility and the quality and range of programs at the College of the North Atlantic and Memorial University. These are the public institutions in which the quest for knowledge and skills is focused toward success. This year, we will put into action our new Innovation Strategy, a broad plan to extend that preparation for success deep into the business sector where innovation can open up whole new worlds of opportunity and prosperity in both urban and rural communities.

In order to ensure that our graduates are prepared to take on the tremendous opportunities emerging in Newfoundland and Labrador in a wide range of industries, we are this year establishing a **Skills Task Force** at a cost of \$100,000. This broadly-based Skills Task Force will identify our province's future skills requirements, particularly

those associated with large-scale development projects; identify skills gaps and their potential impact on attracting large-scale development projects; assess the province's current ability to respond to these requirements; and identify and develop strategies to ensure a proper training, education and support system to meet industry demands.

We already recognize there are tremendous opportunities for **women in nontraditional trades**. Therefore, we will provide funding of \$270,000 to support initiatives such as the "Women in Apprenticeship and Skilled Trades" initiative proposed by the Women in Resource Development Committee and the International Brotherhood of Electrical Workers. This electrical trades pilot project is a first step in helping to increase the low participation rate of women in the skilled trades and help all our people take advantage of the opportunities that education and innovation bring.

The ideal incubator for innovation is our public post-secondary system. This year, in building on the policies of our White Paper, we will invest \$8.5 million in the **College of the North Atlantic** to make its seventeen campuses stronger and even better able to produce the skilled graduates our economy needs. Once again this year, we have frozen tuition fees. Our investments include new programs at the College: \$1 million to target industrial needs and build on regional strengths, \$1 million to develop two technology programs targeting the oil and gas sector, and \$650,000 to expand the Comprehensive Arts and Science College Transition Program to the campuses at Placentia, Bay St. George, Baie Verte, Gander and Carbonear. We will invest in upgrading the skills of College faculty members and provide \$1 million to modernize the College's industrial trades shops plus a further \$500,000 to enhance the support services, equipment and resources that students with disabilities need. We will significantly increase the College's budget for recruiting and publicizing its exceptional programming and the career paths these programs open up for our young people.

We are also investing heavily in **Memorial University**. With \$32.2 million this year, Memorial will be able to maintain the freeze on tuition fees. We will strengthen the Industrial Research and Innovation Fund with another \$7.5 million this year in matching and startup funding as part of a three-year escalating commitment. Each provincial research dollar generates five dollars in external research funding. Memorial's Marine Institute is at the cutting edge of marine education and innovation. We will invest \$1.1 million to replace the Institute's research and training vessel and another \$500,000 to upgrade the Offshore Safety and Survival Centre in Foxtrap, both of which are critical to students and industries throughout Newfoundland and Labrador.

In total, we are investing more than \$100 million of additional funding in our province's education system this year.

With this rock-solid commitment to post-secondary education as the backdrop, we are proceeding to implement our new \$20 million **Innovation Strategy** with a commitment this year of \$5 million. Through an aggressive and comprehensive approach to innovation, we will grow our productivity, enhance our global competitiveness, stir the imagination of entrepreneurs and investors alike and provide a strong foundation on which people and communities can prosper and thrive.

With our new Innovation Strategy, we are also focusing on harnessing new opportunities in sectors throughout our economy. We are this year committing \$2.85 million to a Commercialization Program to allow companies to leverage funding and financing from a variety of sources to support innovative projects. We are providing \$500,000 to prepare the Centre for Environmental Excellence in Corner Brook for research and commercialization opportunities in the environmental sector. We are committing \$2.15 million to an Innovation Enhancement Program to support public sector institutions, not-for-profit groups, community organizations and industry associations that are working to enhance the innovative capacity and efficiency of the province. We are increasing funding by \$200,000 for the Ireland Business Partnerships.

Innovation within the government is being spearheaded by the Office of the Chief Information Officer and the Public Service Secretariat. The 21st century workplace is one characterized by rapidly advancing technology, global competition and enlightened leadership. We cannot meet the service expectations of the public unless we give our employees supports to continue to rise to the challenges and demands of an ever-changing workplace. We value and understand the critical importance of **our public service**. We recognize that there can be no growth or transformation in this organization without continual investment. Therefore, we must manage our talent wisely and take strategic measures to create tomorrow's public service. Through significant investment in our government-wide human resource strategy, we are supporting the exceptional public service work that occurs every day.

In the next fiscal year, this government will invest significantly in initiatives aimed at strengthening the public service and ensuring it continues to achieve excellence: extensive learning and development programs to help frontline program staff within departments enhance their knowledge and skills in support of their departments' service delivery priorities and also to address occupational health and safety within the

workplace; executive and management learning programs aimed at enhancing the overall management and accountability of the public service; and completion of another round of government-wide human resource planning to build upon the successes achieved since the current human resource plan was approved in 2003 and develop strategies to address further human resource needs in the public service. Through specific, strategic approaches to employee development and succession management, we continue to support the professionalism our employees have demonstrated and to build upon our strengths. We are also setting a foundation for the identification, selection and development of our future leaders. This calculated investment is ultimately aimed at supporting a robust and accountable public service.

We are also excited about the efforts of Newfoundland and Labrador Hydro, hand-in-hand with the Department of Natural Resources, to expand its mandate to encompass a broad array of **energy development** opportunities. In order to make our Crown corporation a competitive player in the international marketplace, our government will invest in Hydro's financial health by allowing it to retain \$54 million in dividends this year, giving our public utility the leverage to pursue opportunities that will bring new industrial developments and economic wealth to Newfoundland and Labrador. As Hydro leads the charge on hydro energy, wind energy and petroleum energy development, Newfoundlanders and Labradorians will reap the rewards through new industrial projects and new economic wealth in our province. This year, we are investing \$350,000 to complete and activate the Provincial Energy Plan and \$550,000 to supplement professional services to better align the province for future growth in current and emerging energy developments.

These initiatives to promote innovation and growth will build on those we funded last year, including the Small and Medium Enterprise Fund, the Regional / Sectoral Diversification Fund, the Business Market and Development Program, increased support for tourism marketing, the aquaculture working capital loan guarantee program, the mineral incentive program and grants for rural economic development.

This will also be the first full year of operations for our new Department of Business, which has a mandate to promote growth and investment in all regions and produce a **provincial business strategy**. The new department is also taking the lead on our Red Tape Reduction project, which will further reduce the costs of doing business. Already this year, we are moving ahead effective April 1st to cut a variety of fees at a total savings to businesses and individuals of \$1.5 million a year. Among this year's fee cuts, we are eliminating the licence fee for food premises through an investment of

\$600,000. The Red Tape Reduction Committee has been tasked to conduct a thorough review of all fees in the province and recommend even further reductions, if appropriate. In addition this year, we are eliminating the licensee levy on wine, spirits and beer through a \$1.95 million investment.

INVESTING IN INFRASTRUCTURE

Mr. Speaker, throughout Newfoundland and Labrador, existing infrastructure, including roads and public buildings, has been left to deteriorate for decades. Sadly, even though it is critical to maintain and enhance vital infrastructure to preserve its value and promote economic expansion, Newfoundland and Labrador has for too long been without a plan to identify the needs and find ways and means to address them responsibly. Our government has therefore developed a comprehensive Infrastructure Strategy which evaluates the needs and sets out to address them on a priority basis progressively over time. We are making an investment in excess of \$300 million this year in infrastructure, the first installment of a planned expenditure to exceed \$2 billion over the next six years.

This year, we will move forward with a **road construction** program worth \$142.2 million. Included will be a \$60 million Provincial Roads Improvement Program, \$29.7 million in cost-shared improvements to the Trans-Canada Highway, \$25.5 million for Phase III of the Trans-Labrador Highway, and cost-shared funding to extend the Team Gushue Highway and begin the Torbay Bypass Road. We are also committing our share of Phase I of the plan to place a hard top on the Trans-Labrador Highway. Further highways investments this year include salt management, brush cutting, line painting and \$10 million to renew our heavy equipment fleet as part of a multi-year strategy to enhance both summer and winter maintenance capacity. To address concerns about highway safety and potential damage to our highway infrastructure, we will be strategically reactivating weigh scales at Port aux Basques and Foxtrap.

We are committing \$9 million this year to refit **ferry vessels**, another \$6.1 million to maintain wharves and terminals, and \$1.5 million to initiate design work for the construction of two ferry vessels right here in Newfoundland and Labrador.

Our province's **municipalities** also recognize the importance of investing in public infrastructure to promote growth. To work cooperatively with our municipalities, we will invest \$22.5 million this year in the municipal capital works program to help

municipalities develop priority infrastructure such as roads, water and sewer, and municipal buildings. We will leverage federal funding for municipalities under the Canada Newfoundland and Labrador Infrastructure Program through our investment of \$700,000, the Municipal Rural Infrastructure Fund through our investment of \$9 million and the Canada Strategic Infrastructure Fund II through our investment of \$1 million, for a total provincial investment in municipal infrastructure this year of \$33.2 million. Furthermore, our government will administer the federal gas tax rebate program under which \$19.8 million will flow to municipalities for environmentally-sustainable projects.

The province's **public buildings** also require regular investments to maximize the value of these properties. We will invest \$8.5 million to maintain public buildings, another \$8 million to remediate or remove buildings as needed, and \$1.5 million to reconfigure buildings to optimize usage and reduce rental costs. We will also begin construction of a much-needed courthouse in Corner Brook.

Nowhere is the need for new investments in public buildings greater than in our **health and education** sectors. In our health sector, we will invest close to \$40 million in new capital construction projects, including new long-term care facilities in Corner Brook, Clarenville and Happy Valley-Goose Bay and planning for long-term care in Lewisporte and St. John's. In response to the growing need for health care services, we will build a new health centre in Labrador City, continue with renovations to the older section of James Paton Memorial Hospital in Gander, and complete the Cancer Clinic in Grand Falls-Windsor. Budget 2006 includes funding to continue with a new primary health clinic in Grand Bank and renovations to the Blue Crest Nursing Home. In the education system, we will be investing \$20.4 million in capital equipment, construction, alterations and improvements at Memorial University, \$8.6 million at the College of the North Atlantic, and \$37 million in the K-to-12 system.

We will make these significant investments in infrastructure with a keen understanding of the relationship between reliable infrastructure and our attractiveness to investors, and also with a clear appreciation of the capacity of infrastructure work to generate strong economic activity on its own and to improve the lives of our people in numerous ways.

BUILDING RURAL REGIONS

Mr. Speaker, measures such as these, coupled with our other investments in education and the Innovation Strategy, will do a great deal to promote diversification and growth in our rural communities. Many industries offer tremendous promise in rural Newfoundland and Labrador.

None are more exciting than **aquaculture**. In order to spur private investment in aquaculture, we will make significant public investments in the industry over the next five years. Our aquaculture growth strategy includes a new, three-year, \$10 million Aquaculture Capital Investment Program, with a commitment of \$3.5 million in 2006-07; and also the establishment of a cod aquaculture demonstration farm and an enhanced aquaculture industry support initiative. We intend to become a leader in this growth industry.

Innovation also offers promise in the **fish processing and marketing** industry, particularly as we invest in diversification and maximize every opportunity. We will increase our budget for the Seafood Development and Diversification Program by \$250,000 a year for the next five years and invest in seafood market development, an international seafood trade development initiative, and strategic infrastructure to improve the efficiency, product quality and safety of our fish landing and handling activities.

We are also looking to the future of our fisheries. We will invest \$350,000 over two years to increase the province's capacity for coastal and oceans management and to prepare an oceans strategy and policy framework. We will also invest \$100,000 for a sealing industry communications strategy to counter the fiction and fabrication with facts, and \$300,000 a year over five years to implement the cod recovery strategy in partnership with the Government of Canada.

To bolster our fish processing sector and help protect jobs in a time of resource decline, strong international competition and a high dollar, we will reduce the financial burden on the industry by reducing processing licence fees. Effective immediately, we will eliminate fee increases planned for 2006-07 and 2007-08 and also the planned species surcharge increases planned for 2006-07.

Agriculture is another sector that holds tremendous promise in rural Newfoundland and Labrador. We are providing \$4 million this year to establish an Agrifoods Development Fund that will support large-scale, strategic and targeted investments in agriculture and agrifoods projects by companies with proven track records that are prepared to make investments of their own. We are providing \$2 million to the Provincial Agrifoods Assistance Program, which promotes and supports primary production and secondary processing in the sector. We will invest \$2.3 million, primarily for the acquisition of farmland and for the construction of agricultural roads, particularly to support expansion in the dairy sector, and invest in agricultural limestone to support expansion in the dairy and sod sectors. We are also providing \$1.3 million based on a review of the Animal Health Division to address growing concerns in the area of animal and human health interaction and to support front-line veterinary services and laboratory testing for our growing farming industry.

Yet another industry that continues to be very important in many rural areas throughout our province is **forestry**. To ensure a healthy wood supply, we are providing \$800,000 in new funding to conduct a forest inventory, a \$1 million increase in each of the next three years for silviculture initiatives to replenish our resources, and a \$1 million increase in forest insect control and fire suppression funding.

Our **mining** industry also offers tremendous promise in rural regions. To boost these opportunities, we are investing \$2.5 million in the Mineral Incentive Program, an increase of \$900,000, in order to promote mineral prospecting and exploration activity in the province. These direct investments enable junior mining companies and prospectors to leverage significant additional private-sector investment and provide a solid foundation for new business and employment opportunities for our people. We are also committing an additional \$500,000 to conduct even more regional geological work in order to provide timely geoscience information that accelerates mineral exploration activity.

Our offshore **oil and gas** industry continues to offer tremendous promise for larger centres but also for rural regions of the province. Petro-Canada's decision this year to build the Additional Living Quarters Module for the Terra Nova FPSO at the Bull Arm site is a testament to the site's value and the need to maintain the site in a state of readiness for future work. We will provide \$1.1 million this year to the Bull Arm Site Corporation both to manage the site and to help us attract even more offshore fabrication and construction work to our province.

In order to preserve and protect the resources that our industries, communities and future generations will need for years to come, we will continue to promote **conservation and sustainable development** initiatives. We will continue to fund the Inland Fisheries Enforcement Program and move ahead to draft a Sustainable Development Act.

RENEWING OUR COMMITMENTS TO LABRADOR

Mr. Speaker, one area of our province that is receiving greater attention from our government is Labrador, a vast frontier of promise. We are working cooperatively with the Aboriginal people of Labrador and other Labradorians in an effort to ensure that Labradorians are fully engaged in the developments that lie ahead for the Big Land.

I already mentioned the Trans-Labrador Highway work and other major initiatives that will be proceeding this year in Labrador. We are also committing \$325,000 to develop a comprehensive Labrador Transportation Strategy to address the range of challenges that Labradorians face. With the Trans-Labrador Highway open in southern Labrador, we will open a depot to enable summer and winter maintenance between Red Bay and Lodge Bay and also extend the Straits ferry service by an additional month.

We have provided funding of about \$1.3 million to implement the Labrador Inuit Land Claims Agreement, which came into effect on December 1, 2005.

We have also announced \$1 million to commence an extension of the College of the North Atlantic campus at Happy Valley-Goose Bay, another \$1 million to replace the facility at Labrador West, \$1.2 million toward a long-term health care facility for Happy Valley-Goose Bay, \$1.5 million for a new health centre in Labrador West, and additional funding for a new dialysis unit at Happy Valley-Goose Bay.

In light of the high rate of suicides in Aboriginal communities, the province and Health Canada have discussed cost-sharing a two-year, \$240,000 suicide prevention initiative.

As part of our Poverty Reduction Strategy, we are providing \$100,000 to expand the Labrador coastal air foodlift subsidy by a third, ensuring that residents can access nutritious food at a reasonable price. We are also providing Supreme Court circuit courts in Labrador coastal communities, expanding court security at Happy Valley-Goose Bay and Wabush, funding Fetal Alcohol Spectrum Disorder assessments at the

Labrador Correctional Centre and hiring a Senior Policy Analyst to research Aboriginal translation services.

We are investing \$100,000 to fund the Destination Labrador tourism marketing campaign and committing a \$1.9 million provincial contribution to establish a performance space in Happy Valley-Goose Bay.

Together, our investments in Labrador this year total \$60 million.

INVESTING IN OUR HERITAGE

Mr. Speaker, last year our government acknowledged the tremendous role our cultural industries play in promoting pride in who we are as Newfoundlanders and Labradorians and in generating tremendous economic activity through their ingenuity and innovation. This year, we are building on the advances we made last year through further strong investments in our cultural sector. The centrepiece of our efforts this year is the development of Newfoundland and Labrador's first-ever **Strategic Cultural Plan**, a medley of measures designed to strengthen this sector. This Budget commits an investment of \$17.6 million over the next three years to implement this Plan.

With culture as our focus, we will pursue a range of measures to further strengthen our cultural industries. This will include \$200,000 in core funding for arts organizations and \$300,000 for heritage sites and community museums. We will establish a Cultural Tourism Working Group to assess and identify ways to better harness our cultural tourism product. We will also invest in Music Newfoundland and Labrador, a Publishers Assistance Program and the Newfoundland and Labrador Film Development Corporation.

The Newfoundland and Labrador Arts Council is proudly celebrating its 25th anniversary this year. We are increasing our allocation to the Council by \$300,000 this year, bringing its funding to \$1.15 million so it can better support the arts community. Our cumulative new investment in the Arts Council over the next three years will be \$1.8 million, which will double the Council's existing budget. We will also move ahead to enable the development of a long-awaited Artist's Code.

We will increase funding for the Art Procurement Program under the auspices of the Provincial Art Gallery at The Rooms, enhance the provincial Arts and Letters Program,

research investment and endowment models that help to support the arts and culture sector, and develop a strategy to safeguard and promote the province's intangible heritage. We will invest in capital works and technical upgrades at the Arts and Culture Centres and the renovation of the LSPU Hall.

We will begin to develop interpretation and revitalization plans for the historic Colonial Building and allocate funds to enhance the Corner Brook Museum, the Loggers' Life and Mary March museums in Grand Falls-Windsor, the Seamen's Museum in Grand Bank, the Mockbeggar Plantation and the Bonavista Lighthouse, Commissariat House, Quidi Vidi Battery, the Ryan Shop in Trinity, the Cable Station in Heart's Content and the Point Amour Lighthouse.

In addition to this, we will invest in community events throughout the province. Through our Recreation Division, we will provide \$200,000 to fund the 2006 world triathlon and duathlon world championships in Corner Brook. And we are investing now to prepare for the 100th anniversary, in 2009, of Captain Bob Bartlett's trip to the North Pole and moving ahead to plan the 2010 celebration of the 400th anniversary of John Guy's Colony at Cupids.

These cultural initiatives will complement the additional resources we are investing in **tourism** development to foster growth in an industry that can mean magnificent opportunities throughout Newfoundland and Labrador, irrespective of location. We will invest \$100,000 this year to achieve goals laid out in our Tourism Product Development Strategy. We have committed another \$2 million beyond what was announced in last year's Budget in order to bring our total tourism marketing budget up to \$10 million. And we will upgrade and extend the operating time of our province's Visitor Information Centres and establish a new provincial centre at the St. John's International Airport.

Protecting our heritage also means protecting our **natural environment**. We are increasing funding from \$300,000 to \$500,000 for the continued implementation of the province's Climate Change Action Plan and providing \$1 million this year for the continued clean-up of selected contaminated sites.

To ensure the health of our wildlife populations, we are providing funding of about \$3 million over two years to assess the status of ten of the province's major caribou populations, and will also establish a multi-stakeholder Advisory Committee to help guide the development of a caribou strategy.

We are also moving ahead with a long-term reinvestment strategy for our Provincial Parks System by providing \$1 million this year to add additional campsites and construct another comfort station at Butter Pot Provincial Park, construct a comfort station at Squires Memorial Provincial Park, construct a comfort station and dumping station at Pinware River Provincial Park, and build dumping stations at Frenchman's Cove Provincial Park and J. T. Cheeseman Provincial Park. These additions will make our parks more attractive destinations and allow us to meet the broader range of services and amenities demanded by the modern consumer.

We are investing additional funds to help preserve and promote our remarkable natural areas. This year, we will focus on supporting the new interpretation centre for the Mistaken Point Ecological Reserve and another for the Burnt Cape Ecological Reserve. We are also providing \$259,000 to advance the Natural Areas System Plan, which is focused on protecting and promoting these areas for their esthetic and economic value.

Together, this broad range of initiatives will strengthen our province and provide the foundation for diversified economic development in regions throughout Newfoundland and Labrador.

REDUCING POVERTY AND INCREASING SELF-RELIANCE

Mr. Speaker, we have outlined numerous ways in which we will work with Newfoundlanders and Labradorians to create new opportunities in both traditional and breakthrough industries. These initiatives will open doors for people throughout Newfoundland and Labrador. But for many people in our province, obstacles stand in the way of opportunity. Currently, approximately 66,000 individuals in 33,000 families in our province live in poverty. Poverty often means poor nutrition and poor health, poor educational opportunities and poor employment prospects. But it is not only the poor who suffer the costs and consequences of poverty. We all suffer when circumstances prevent so many among us from developing and contributing to their full potential.

Guided by a strong social conscience, we moved forward last year to develop Newfoundland and Labrador's first-ever comprehensive, integrated **Poverty Reduction Strategy**. We set to work to gather solid research and consult broadly with those who understand poverty best in order to develop an action plan that will truly make a difference. We are ready this year to announce our progressive Poverty Reduction Strategy with an investment in measures across several departments totaling \$62 million on an annualized basis.

Our research and consultations have indicated that **prescription drug** costs create the biggest financial barrier to work for those on Income Support and are a significant hardship for those earning low wages who lack prescription drug insurance. This year, we will invest \$8.3 million (which means \$32.8 million on an annualized basis) to extend eligibility for the Newfoundland and Labrador Prescription Drug Program to more low-income residents and introduce an accelerated co-pay at the same time for these additional clients. This initiative will expand coverage to approximately 97,000 additional people.

Some people face barriers to work because of high **housing** costs. At an annual cost of \$750,000, Newfoundland and Labrador Housing will begin calculating the rent of employed tenants to reflect net pay rather than gross earnings, thereby cutting rental charges by about \$50 a month for some 1,200 households. This initiative will be complemented by others through NLHC, including Phases I and II of the Affordable Housing Agreement, the Provincial Home Repair Program and the Residential Energy Efficiency Program.

To assist in the **transition to the work force**, we will invest \$570,000 to extend Income Support to clients starting a job during the critical first month and will simplify the process for reporting income. We will also invest another \$500,000 this year to continue career development, job recruitment and placement initiatives to help Income Support clients, especially young people, find jobs. Also, we will increase funding under the Supported Employment Program for adults with developmental disabilities.

Recognizing that **education** is critical in achieving self-sufficiency, we will invest an additional \$1.2 million a year to expand the number of Adult Basic Education courses at College of the North Atlantic campuses. We will provide a monthly \$25 rental rebate for every adult member of an NLHC household who is in full-time attendance at a post-secondary institution as well as for every level 2, 3 and 4 high school student in a tenant household. And, as already indicated, we will also invest \$2 million a year to assist female and male students in Grades 10 through 12 with new skills-development courses that can open up college and career paths.

We believe no parent should have to pay for instructional materials that students require to participate fully in classroom instruction, such as workbooks and photocopying. Therefore, this year, at a total cost of \$5.3 million, we are increasing the instructional

grant from \$80 to \$150 per pupil in order to eliminate common school fees for all items and services that are currently purchased in bulk by schools and boards and billed back to parents. We will also invest \$1 million to cover prescribed consumable workbooks.

To promote **student health**, we will invest \$250,000 to implement new school food guidelines to encourage healthy eating and enable school cafeterias to provide healthier food choices. This complements our \$500,000 investment under the provincial *Go Healthy* wellness plan for the Kids Eat Smart Foundation, which works with schools and community groups to establish nutritious breakfast, lunch and snack programs. With an annual contribution of \$250,000, we will also continue to support the Jumpstart Program developed by the Canadian Tire Foundation for Families, which enables children from low-income homes to participate in sports and recreational activities.

We also know that low-income families often find it difficult to pay surcharges associated with accessing dental care for their children covered by the Provincial Children's Dental Program. We are allocating an additional \$4.1 million in an effort to eliminate these surcharges so that all families can avail of the dental health services their children need.

While education and employment are keys to reducing poverty, it is also essential to support those who are most vulnerable in our society. We will invest \$7.4 million a year to raise **Income Support rates** by 5 per cent, a further \$3 million a year beginning in 2007-08 to index Income Support rates to the rate of inflation, and another \$2.8 million a year to further assist families in high-rent centres or with high-cost needs with their rental costs. We are also increasing the rate we provide for Income Support clients to cover funeral costs. And for families of children with disabilities, who often face extraordinary costs, we will invest \$2.25 million a year to increase access to the Special Child Welfare Allowance program that helps families offset some of these costs.

Many low-income families have particular difficulties accessing **legal and counseling support services**. We will invest \$679,000 to expand Unified Family Court Services to provide more family law resources throughout the province, thereby enabling the working poor, particularly in rural areas, to reduce their legal expenses through improved access to family law services. We will invest \$250,000 to enhance civil legal aid services that help low-income families with family law matters. And we will increase funding to the province's Women's Centres by \$80,000 a year so they can continue to provide counseling, support, and education services to women throughout the province.

Measures such as these will help break the cycle of poverty, both by addressing the consequences of poverty and by targeting the circumstances that cause and sustain poverty.

ENSURING SAFE AND SECURE COMMUNITIES

Mr. Speaker, to complement these initiatives and support safe and secure communities, we are announcing a range of investments in justice, policing and violence prevention.

This year, we are investing \$10 million to bolster **the Royal Newfoundland Constabulary and the RCMP**. We are investing \$3.1 million of this to strengthen the police presence throughout the province. This includes \$516,000 to hire four new RCMP officers in the Grand Falls-Windsor, Trinity-Conception, Deer Lake and Nain regions; \$592,000 to create five RCMP regular member positions and related operational funding, including three Highway Patrol and two drug awareness officers; \$900,000 to fill nine vacant regular RCMP member positions throughout the province; \$970,000 to create eight new RNC Constable positions including drug awareness officers in St. John's, Corner Brook and Labrador West; and \$170,000 to support a new RNC dog unit for Corner Brook.

Some of these investments build on the success of the RNC training program. In September, the first graduates of the new RNC training program at Memorial University received their badges and, since then, all 28 have been hired to law enforcement positions in the province. Another 26 are currently enrolled and we anticipate a further 30 will join the program this year.

We will also continue to address financial and human resource deficiencies that have resulted from a decade of cutbacks to both of the province's police forces. We are investing \$6.9 million in the RNC and RCMP for administrative operations. This includes \$178,000 for five new administrative / clerical positions in the RNC's Criminal Investigation Division, Strategic Planning Division and Property Room; \$166,000 to hire four new RNC civilian dispatchers; \$3.4 million to help the RNC address significant pressures associated with complex investigations, equipment purchases, mandatory training and the need for a new Sexual Assault Nurses in Emergency Program; \$124,000 for two RCMP Operational Communication Centre positions; \$60,000 for two RCMP public service positions in Forteau and Mary's Harbour; and \$3 million for the RCMP to cover other significant costs.

Together, these initiatives will put more police on patrol while at the same time addressing the administrative issues recently raised by the Auditor General.

We are also investing \$220,000 to expand **court security** in Happy Valley-Goose Bay, Wabush and Grand Falls-Windsor and, in total, \$1.1 million to strengthen the provincial legal aid system.

To enhance child protection services, we will fund 55 new child, youth and family services positions over the next three years, beginning with a new investment of \$1.5 million in 2006-07. We are strengthening our resolve to make a lasting impact on the incidence of violence in our communities with a \$1.25 million investment to support the government's new six-year action plan on **violence prevention**, *Taking Action 2012*. To further assist women and their children leaving abusive relationships, we will provide an additional \$305,000 to support transition homes in Labrador West, Hopedale and St. John's. And we will also invest \$100,000 this year in spousal abuse and sex offender treatment programs, expanding the programs beyond St. John's and the west coast to include Labrador and central Newfoundland. With these measures, we will endeavour to make our communities and our people safer and more secure.

IMPROVING OUR HEALTH

Mr. Speaker, strong economic growth enriches a government's ability to invest in our provincial health care system. Supported by national health accord funding the Premier negotiated with First Ministers, we have made strategic investments in health care, improved access to key services and endeavoured to respond more effectively to the health care needs of our people. This year's budget invests over \$180 million in new health care funding, bringing our total investment in health care to \$1.96 billion, a 10 per cent increase over last year's budget.

Earlier, I announced significant investments in several health care facilities. Complementing this will be additional investments of over \$60 million to maintain our **core health and community services** through our Regional Integrated Health Authorities.

We will invest \$15.6 million in new funding this year to help prevent and treat **cancer**. This includes \$1.5 million to enhance the Provincial Cervical Screening Program,

\$750,000 for breast screening centres in Grand Falls-Windsor and St. John's and other program enhancements, \$3.3 million to construct two new bunkers to house two new radiation treatment machines at the Dr. H. Bliss Murphy Centre, \$6.4 million to introduce new treatment therapies for colorectal cancer and multiple myeloma, and an additional \$3.6 million to cover four medications: Eprex and Aranesp for cancer-related anemia, Tarceva for certain lung cancers and Herceptin for early-stage breast cancer.

Under our new policy framework *Working Together for Mental Health*, we are investing another \$1 million to enhance primary **mental health** services in the province. We will also provide a further \$1 million to strengthen resources to assist persons struggling with gambling and other addictions, in addition to the \$1.1 million we are investing this year to construct a new, \$3 million provincial addictions treatment centre in Corner Brook. Last year, our government froze the number of VLTs in the province and committed to reduce the number in service by 407 (or 15 per cent) over five years, beginning on April 1, 2006. I am pleased to advise that 90 VLTs will be removed from service two days from now. This represents a 3.3 per cent reduction in total VLTs this year. We are now on a track with a plan to remove 428 VLTs by April 1, 2010, a total reduction of almost 16 per cent. In addition, our government is considering other options aimed at reducing problem gambling, and further initiatives may be expected in the near future.

We will also strengthen our **public health** capacity in the Department of Health and Community Services as well as the regional health authorities. We are adopting an integrated approach across several departments to ensure we are prepared to respond to and manage public health emergencies such as an influenza pandemic, which is a significant public concern around the world.

We will invest \$1.3 million to implement the province's new **wellness** plan, *Go Healthy*, in addition to the record \$2.4 million we invested in wellness last year; and we will complete ongoing public consultations and use the feedback to develop a new Provincial Healthy Aging Framework.

We will also build on our commitment to improve **access to health care services** throughout the province. We will invest \$6 million to bring the personal care home subsidy rate from \$1,138 per month up to \$1,500 per month effective July 1, 2006 and provide additional subsidies to address the current wait list. We will reduce the wait list

for home support for seniors and persons with disabilities through a \$2.7 million investment this year.

In response to growing demands for dialysis services, we are committing \$1.5 million this year to address the increased needs of existing sites. We will also proceed with three new renal dialysis units on the Burin Peninsula, at Happy Valley-Goose Bay and at St. Anthony.

We will provide new funding to enable our people, for the very first time, to benefit from in vitro fertilization procedures without having to leave the province.

And we will provide an additional \$1.7 million to add new **medications** to the provincial formulary, including cancer drugs just mentioned. And beginning in September, the provincial formulary will include the Alzheimer's medications Reminyl, Exelon and Aricept.

CONCLUSION

Mr. Speaker, these are the right choices to harness the growing momentum in Newfoundland and Labrador in ways that will bring growth and prosperity to our communities and our people. Through these strategic investments in health care, community safety, poverty reduction, our cultural industries, our natural resources, Labrador development, rural diversification, infrastructure, innovation and education, we are using the tools in our hands to build a stronger, more vibrant, more sustainable and self-reliant Newfoundland and Labrador, for both our citizens today and our children tomorrow. We are moving forward, not only with hope for the future, but more importantly with confidence that we can make the future of our hopes and dreams a tangible reality. As a result of our hard work and successful negotiations with the Government of Canada, this year we are able to make significant progress in implementing our eight-year blueprint for economic and social development. We look forward to continuing to strengthen the partnership we have been building with our province's workers, our entrepreneurs and innovators, our educators and community leaders, our seniors and young people and all Newfoundlanders and Labradorians in a cooperative effort to make our province the powerhouse of opportunity and growth that we know we are truly capable of being. Together, we will harness the pride and optimism that is flourishing in our province today, and together, we will usher in a bold new era of prosperity and self-reliance for Newfoundland and Labrador.

BUDGET 2006

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STATEMENT I
NEWFOUNDLAND AND LABRADOR
CONSOLIDATED STATEMENT OF OPERATIONS
2006-07 and 2005-06 Revised

	2006-07 Estimates	2005-06 Revised
	(\$000)	(\$000)
REVENUE (Statement IV).....	<u>5,188,830</u>	<u>5,068,219</u>
NET EXPENSES		
Program Expenses.....	<u>4,581,646</u>	<u>4,234,016</u>
Debt Servicing Expenses.....	<u>778,041</u>	<u>934,248</u>
TOTAL NET EXPENSES (Statement V).....	<u>5,359,687</u>	<u>5,168,264</u>
NET INCOME OF GOVERNMENT BUSINESS ENTERPRISES	<u>177,012</u>	<u>176,570</u>
CONSOLIDATED SURPLUS	<u>6,155</u>	<u>76,525</u>

STATEMENT II
NEWFOUNDLAND AND LABRADOR
CONSOLIDATED CHANGE IN NET DEBT, NET DEBT SUMMARY, AND DEBT TRANSACTIONS
2006-07 and 2005-06 Revised

	2006-07 Estimates (\$000)	2005-06 Revised (\$000)
CHANGE IN NET DEBT		
Net Debt - beginning of period	11,861,212	11,887,642
Adjustments:		
Inclusion of MUN in Government Reporting Entity	-	75,414
Revised Net Debt - beginning of period	11,861,212	11,963,056
Surplus for the period	(6,155)	(76,525)
Change in tangible capital assets:		
Acquisition of tangible capital assets	240,376	145,355
Amortization of tangible capital assets	(177,125)	(170,674)
Increase/(Decrease) in Net Book Value of tangible capital assets	63,251	(25,319)
Increase/(Decrease) in Net Debt	57,096	(101,844)
Net Debt - end of period	11,918,308	11,861,212

NET DEBT SUMMARY

Borrowings - net of sinking funds (Exhibit V)	7,223,037	6,650,673
Unfunded Pension and Retirement Benefits Liability	2,876,021	3,419,817
Debt	10,099,058	10,070,490
Other Financial Liabilities less Financial Assets	1,819,250	1,790,722
Net Debt	11,918,308	11,861,212

DEBT TRANSACTIONS

Debt - beginning of year	10,070,490	12,030,799
Debt retirement and increase in sinking funds	(227,636)	(288,168)
New borrowings	800,000	417
Special payments - pension plans	(800,000)	(2,109,000)
Interest on unfunded pension liability and other pension expenses	157,131	341,004
Increase in post retirement benefit liability	99,073	95,438
Debt - end of period	10,099,058	10,070,490

STATEMENT III
NEWFOUNDLAND AND LABRADOR
SUMMARY OF CASH REQUIREMENT - CONSOLIDATED REVENUE FUND (CRF)
2006-07 and 2005-06 (Revised)

	2006-07 Estimates (\$000)	2005-06 Revised (\$000)
BUDGETARY REQUIREMENTS		
Provincial and Federal Revenues (Statement IV)	4,712,430	4,628,415
Current Account (Statement VI)		
Gross Expenditure	4,599,079	4,273,107
Related Revenues	(197,198)	(300,227)
Net Expenditure	4,401,881	3,972,880
Financial Contribution	310,549	655,535
Capital Account (Statement VII)		
Gross Expenditure	380,815	249,582
Related Revenues	(70,433)	(50,204)
Net Expenditure	310,382	199,378
TOTAL BUDGETARY CONTRIBUTION	167	456,157
ATLANTIC ACCORD 2005 EARNINGS RECEIVED IN ADVANCE	219,200	322,300
TOTAL CASH (REQUIREMENT) CONTRIBUTION - BUDGETARY	(219,033)	133,857
NON-BUDGETARY TRANSACTIONS		
Repayment of Equalization Loan	37,800	-
Debt Retirement (See Exhibit XIII)	59,659	126,583
Contributions to Sinking Funds (See Exhibit XIII)	44,180	44,180
Retirement of Pension Liabilities	800,000	2,109,000
TOTAL NON-BUDGETARY TRANSACTIONS	941,639	2,279,763
TOTAL CASH REQUIREMENT	(1,160,672)	(2,145,906)

STATEMENT IV
NEWFOUNDLAND AND LABRADOR
CONSOLIDATED PROVINCIAL AND FEDERAL REVENUES

2006-07 and 2005-06 Revised

	2006-07 Estimates	2005-06 Revised
	(\$000)	(\$000)
PROVINCIAL TAX SOURCES		
Personal Income Tax	831,220	809,446
Sales Tax	635,290	608,467
Gasoline Tax	142,700	141,500
Payroll Tax	96,200	93,000
Tobacco Tax	125,200	116,400
Corporate Income Tax	288,285	297,619
Offshore Royalties	663,400	471,800
Mining Taxes and Royalties	55,420	21,100
Insurance Companies Tax	38,600	37,000
Corporate Capital Tax	7,850	7,820
Forest Management Tax	2,100	2,100
TOTAL: Provincial Tax Sources	2,886,265	2,606,252
OTHER PROVINCIAL SOURCES		
Newfoundland Liquor Corporation	101,000	99,000
Lottery Revenues	97,000	106,500
Vehicle and Driver Licences	67,918	68,000
Registry of Deeds, Companies and Securities	26,990	23,887
Fines, Fees and Forfeitures	9,698	9,378
Inland Fish and Game Licences	4,055	4,410
Water Power Rentals	5,190	5,160
Registry of Personal Property	3,100	3,000
Crown Lands	1,770	1,770
Forestry Royalties and Fees	2,105	2,179
Mining and Petroleum Permits and Fees	2,872	2,835
Offshore Revenue Fund	-	12,941
Other	7,250	7,812
TOTAL: Other Provincial Sources	328,948	346,872
TOTAL: PROVINCIAL SOURCES	3,215,213	2,953,124
GOVERNMENT OF CANADA		
Equalization	671,500	860,959
Atlantic Accord 1985	109,800	-
Atlantic Accord 2005	219,200	322,300
Health Transfers	351,862	348,640
Social Transfers	143,147	141,684
Statutory Subsidies	1,708	1,708
TOTAL: GOVERNMENT OF CANADA	1,497,217	1,675,291
TOTAL: PROVINCIAL AND FEDERAL REVENUES	4,712,430	4,628,415
CONSOLIDATION AND ACCRUAL ADJUSTMENTS	476,400	439,804
TOTAL: REVENUES	5,188,830	5,068,219

STATEMENT V
NEWFOUNDLAND AND LABRADOR
CONSOLIDATED CURRENT AND CAPITAL ACCOUNT EXPENSES
2006-07 and 2005-06 Revised

	Gross Expenditure	2006-07 Related Revenue	Net Expenditure	2005-06 Revised (Net)
	\$	\$	\$	\$
General Government Sector				
Consolidated Fund Services	569,069,500	21,908,600	547,160,900	518,110,700
Executive Council	81,816,600	2,584,000	79,232,600	57,062,200
Finance	77,043,800	4,626,800	72,417,000	1,589,600
Government Services	30,470,900	10,405,700	20,065,200	16,591,200
Labrador and Aboriginal Affairs	4,258,500	60,000	4,198,500	1,507,300
Legislature	15,809,900	171,200	15,638,700	15,618,300
Public Service Commission	2,015,700	-	2,015,700	1,832,900
Transportation and Works	379,311,100	49,480,000	329,831,100	223,123,900
Resource Sector				
Business	3,818,700	-	3,818,700	1,301,800
Environment and Conservation	30,813,100	9,134,700	21,678,400	17,422,000
Fisheries and Aquaculture	15,649,000	1,821,400	13,827,600	7,745,000
Innovation, Trade and Rural Development	45,836,900	600,000	45,236,900	36,415,700
Natural Resources	87,614,500	11,505,400	76,109,100	63,462,200
Tourism, Culture and Recreation	45,408,300	2,396,700	43,011,600	34,586,500
Social Sector				
Education	989,368,800	31,404,500	957,964,300	870,743,500
Health and Community Services	1,964,912,400	44,253,000	1,920,659,400	1,759,573,200
Human Resources, Labour and Employment	284,332,600	17,666,700	266,665,900	255,967,000
Justice	159,190,600	11,833,100	147,357,500	138,342,300
Municipal Affairs	178,041,400	47,778,500	130,262,900	141,612,400
Newfoundland and Labrador Housing Corporation	15,111,000	-	15,111,000	5,650,000
TOTAL EXPENSES (CASH BASIS)	4,979,893,300	267,630,300	4,712,263,000	4,172,257,700
CONSOLIDATION AND ACCRUAL ADJUSTMENTS	676,674,600	29,250,700	647,423,900	996,006,000
TOTAL EXPENSES	5,656,567,900	296,881,000	5,359,686,900	5,168,263,700

AMOUNT TO BE VOTED 2006-07

Gross Current and Capital Expenditure	4,979,893,300
Less: Expenditures Approved by Statute:	
Interest	488,776,300
Pensions and Gratuities	61,032,400
Debt Management Expenses	5,546,000
Issues under Guarantee	100,000
Salaries (Auditor General and Comptroller General)	232,200
	555,686,900
Amount to be Voted by Supply Bill	4,424,206,400

STATEMENT VI
NEWFOUNDLAND AND LABRADOR
CONSOLIDATED CURRENT ACCOUNT EXPENSES
2006-07 and 2005-06 Revised

		2006-07		2005-06
	Gross	Related	Net	Revised
	Expenditure	Revenue	Expenditure	(Net)
	(\$000)	(\$000)	(\$000)	(\$000)
General Government Sector				
Consolidated Fund Services	568,866	21,486	547,380	518,119
Executive Council	68,482	2,584	65,898	51,636
Finance	76,544	4,627	71,917	1,589
Government Services	30,172	10,301	19,871	15,997
Labrador and Aboriginal Affairs	4,258	60	4,198	1,507
Legislature	15,810	171	15,639	15,618
Public Service Commission	2,016	-	2,016	1,833
Transportation and Works	268,131	26,230	241,901	193,386
Resource Sector				
Business	3,819	-	3,819	1,302
Environment and Conservation	29,702	9,135	20,567	16,832
Fisheries and Aquaculture	12,149	1,821	10,328	7,484
Innovation, Trade and Rural Development	36,817	600	36,217	24,292
Natural Resources	80,393	11,350	69,043	57,161
Tourism, Culture and Recreation	41,990	2,397	39,593	29,954
Social Sector				
Education	931,466	31,405	900,061	844,189
Health and Community Services	1,909,406	44,253	1,865,153	1,719,990
Human Resources, Labour and Employment	284,333	17,867	266,666	255,967
Justice	155,663	11,833	143,830	137,176
Municipal Affairs	63,951	1,278	62,673	69,198
Newfoundland and Labrador Housing Corporation	15,111	-	15,111	9,650
TOTAL CURRENT ACCOUNT EXPENSES (CASH BASIS)	4,599,079	197,198	4,401,881	3,972,880
CONSOLIDATION AND ACCRUAL ADJUSTMENTS	765,427	29,673	735,754	1,004,254
TOTAL CURRENT ACCOUNT EXPENSES	5,364,506	226,871	5,137,635	4,977,134

STATEMENT VII
NEWFOUNDLAND AND LABRADOR
CONSOLIDATED CAPITAL ACCOUNT EXPENSES
2006-07 and 2005-06 Revised

	Gross Expenditure (\$000)	2006-07 Related Revenue (\$000)	Net Expenditure (\$000)	2005-06 Revised (Net) (\$000)
General Government Sector				
Consolidated Fund Services	204	423	(219)	(8)
Executive Council	13,334	-	13,334	5,427
Finance	500	-	500	-
Government Services	299	105	194	595
Transportation and Works	111,180	23,250	87,930	29,737
Resource Sector				
Environment and Conservation	1,111	-	1,111	590
Fisheries and Aquaculture	3,500	-	3,500	261
Innovation, Trade and Rural Development	9,020	-	9,020	12,124
Natural Resources	7,222	155	7,067	6,301
Tourism, Culture and Recreation	3,418	-	3,418	4,632
Social Sector				
Education	57,903	-	57,903	26,554
Health and Community Services	55,507	-	55,507	39,584
Justice	3,527	-	3,527	1,167
Municipal Affairs	114,090	46,500	67,590	72,414
TOTAL CAPITAL ACCOUNT EXPENSES (CASH BASIS)	380,815	70,433	310,382	199,378
CONSOLIDATION AND ACCRUAL ADJUSTMENTS	(88,753)	(423)	(88,330)	(8,248)
TOTAL CAPITAL ACCOUNT EXPENSES	292,062	70,010	222,052	191,130

Note: For details refer to Exhibit XVI.

EXHIBIT I
SELECTED ECONOMIC STATISTICS
2002 to 2005

	2005	% Change	2004	% Change	2003	% Change	2002
Population as of July 1 (000's)	516.0	-0.3	517.3	-0.2	518.5	-0.2	519.4
Gross Domestic Product at Market Prices (\$ Millions)	22,337*	14.9	19,433	7.2	18,131	10.2	16,452
Personal Income (\$ Millions)	13,285*	3.4	12,851	3.8	12,385	4.1	11,895
Per Capita Personal Income (\$)	25,746*	3.6	24,842	4.0	23,886	4.3	22,901
Labour Force, Annual Average (000's)**	252.5	-0.7	254.3	0.1	254.1	2.3	248.5
Employment, Annual Average (000's)**	214.1	-0.1	214.3	0.9	212.3	2.5	207.2
Unemployment Rate, Annual Average (%)**	15.2	-0.5	15.7	-0.8	16.5	-0.2	16.7
Wages and Salaries (\$ Millions)	6,703	4.6	6,408	3.7	6,181	6.3	5,817
Consumer Price Index (1997=100)	116.5	2.6	113.6	1.8	111.6	2.9	108.4
Oil Production (Millions of Barrels)**	111.3	-3.0	114.8	-6.7	123.0	17.9	104.3
Volume of Fish Landings (000's of Metric Tonnes)	326.3	-2.5	334.8	8.9	307.5	14.7	268.0
Value of Fish Landings (\$ Millions)	461.3	-23.9	606.1	5.3	575.6	13.9	505.4
Newsprint Shipments (Thousands of Metric Tonnes)	761.8	4.1	731.7	-6.3	780.9	5.5	740.3
Iron Ore Shipments (Millions of Metric Tonnes)	20.0	29.9	15.4	-22.2	19.8	4.2	19.0
Value of Manufacturing Shipments NAICS (\$ Millions)	2,983.4	-2.8	3,068.5	8.5	2,827.9	12.4	2,516.7
Private and Public Capital Investment (\$ Millions)	4,318	1.8	4,243	14.3	3,712	10.4	3,361
Dwelling Starts (Number)	2,498	-13.0	2,870	6.6	2,692	11.3	2,419
Retail Trade NAICS (\$ Millions)	5,884	2.2	5,755	0.3	5,736	6.1	5,407
New Motor Vehicle Sales (Number)	24,899	8.7	22,898	-9.9	25,428	-1.4	25,790

Note: Some data are preliminary.
Some percent changes are based on unrounded data.
* Estimate of the Economics and Statistics Branch.
** As of November 2005, includes Hibernia, Terra Nova and White Rose production.
*** Data not strictly comparable to earlier tables due to revisions to the Labour Force Survey.

Source: Statistics Canada; Economics and Statistics Branch,
Department of Finance

EXHIBIT II
CURRENT AND RELATED REVENUES
2006-07 and 2005-06 Revised

	2006-07 Estimates (\$000)	2005-06 Revised (\$000)
PROVINCIAL		
Taxation:		
Personal Income Tax	831,220	809,446
Sales Tax	635,290	608,467
Gasoline Tax	142,700	141,500
Payroll Tax	96,200	93,000
Tobacco Tax	125,200	116,400
Corporate Income Tax	288,285	297,619
Offshore Royalties	663,400	471,800
Mining Taxes and Royalties	55,420	21,100
Other	48,550	46,920
	<u>2,886,265</u>	<u>2,606,252</u>
General Revenues:		
Newfoundland Liquor Corporation	101,000	99,000
Lottery Revenues	97,000	106,500
Vehicle and Driver Licences	67,918	68,000
Registry of Deeds, Companies and Securities	26,990	23,887
Fines, Fees and Forfeitures	9,698	9,378
Other	26,342	40,107
	<u>328,948</u>	<u>346,872</u>
Expenditure Programs - Related Revenues:		
Interest Income	7,111	54,825
Other	107,219	169,926
	<u>114,330</u>	<u>224,751</u>
TOTAL: PROVINCIAL REVENUES	<u>3,329,543</u>	<u>3,177,875</u>
GOVERNMENT OF CANADA		
Fiscal Transfer Payments:		
Equalization	671,500	860,959
Atlantic Accord 1985	109,800	-
Atlantic Accord 2005	219,200	322,300
Health Transfers	351,862	348,640
Social Transfers	143,147	141,684
Statutory Subsidies	1,708	1,708
	<u>1,497,217</u>	<u>1,675,291</u>
Cost Shared Programs:		
Resource	5,337	6,125
Offshore Fund	-	657
Human Resources Development	24,000	22,000
Native Peoples	582	6,702
Other	52,949	39,992
	<u>82,868</u>	<u>75,476</u>
TOTAL: GOVERNMENT OF CANADA REVENUES .	<u>1,580,085</u>	<u>1,750,767</u>
TOTAL: CURRENT AND RELATED REVENUES. . .	<u>4,909,628</u>	<u>4,928,642</u>

EXHIBIT III

CURRENT AND CAPITAL REVENUES

PROVINCIAL AND FEDERAL SOURCES

2002-03 to 2006-07

	2006-07 Estimates		2005-06 Revised		2004-05 Audited		2003-04 Audited		2002-03 Audited	
	(\$000)	%	(\$000)	%	(\$000)	%	(\$000)	%	(\$000)	%
Current Revenues :										
Provincial Sources	3,329,543	67.8	3,177,875	64.5	2,735,776	65.9	2,508,012	62.4	2,363,145	60.5
Federal Sources	1,580,085	32.2	1,750,767	35.5	1,417,580	34.1	1,511,881	37.6	1,543,881	39.5
Total: Current Revenues	4,909,628	100.0	4,928,642	100.0	4,153,356	100.0	4,019,893	100.0	3,907,026	100.0
Capital Revenues :										
Provincial Sources	1,923	2.7	32,348	64.4	10,939	35.5	25,973	33.0	32,304	39.2
Federal Sources	68,510	97.3	17,856	35.6	19,866	64.5	52,799	67.0	50,046	60.8
Total: Capital Revenues	70,433	100.0	50,204	100.0	30,805	100.0	78,772	100.0	82,350	100.0
Current and Capital Revenues :										
Provincial Sources	3,331,466	66.9	3,210,223	64.5	2,746,715	65.6	2,533,985	61.8	2,395,449	60.0
Federal Sources	1,648,595	33.1	1,768,623	35.5	1,437,446	34.4	1,564,680	38.2	1,593,927	40.0
Total: Current and Capital Revenues	4,980,061	100.0	4,978,846	100.0	4,184,161	100.0	4,098,665	100.0	3,989,376	100.0

EXHIBIT IV
EXPENDITURE SUMMARY
2006-07 Estimated

<u>Head</u>	<u>Total</u>		<u>Current</u>		<u>Capital</u>	
	<u>Gross</u> <u>(\$000)</u>	<u>Net</u> <u>(\$000)</u>	<u>Gross</u> <u>(\$000)</u>	<u>Net</u> <u>(\$000)</u>	<u>Gross</u> <u>(\$000)</u>	<u>Net</u> <u>(\$000)</u>
Consolidated Fund Services	569,070	547,161	568,866	547,380	204	(219)
Executive Council	81,816	79,232	68,482	65,898	13,334	13,334
Finance	77,044	72,417	76,544	71,917	500	500
Government Services	30,471	20,065	30,172	19,871	299	194
Labrador and Aboriginal Affairs	4,258	4,198	4,258	4,198	-	-
Legislature	15,810	15,639	15,810	15,639	-	-
Public Service Commission	2,016	2,016	2,016	2,016	-	-
Transportation and Works	379,311	329,831	268,131	241,901	111,180	87,930
Business	3,819	3,819	3,819	3,819	-	-
Environment and Conservation	30,813	21,678	29,702	20,567	1,111	1,111
Fisheries and Aquaculture	15,649	13,828	12,149	10,328	3,500	3,500
Innovation, Trade and Rural Development	45,837	45,237	36,817	36,217	9,020	9,020
Natural Resources	87,615	76,110	80,393	69,043	7,222	7,067
Tourism, Culture and Recreation	45,408	43,011	41,990	39,593	3,418	3,418
Education	989,369	957,964	931,466	900,061	57,903	57,903
Health and Community Services	1,964,913	1,920,660	1,909,406	1,865,153	55,507	55,507
Human Resources, Labour and Employment	284,333	266,666	284,333	266,666	-	-
Justice	159,190	147,357	155,663	143,830	3,527	3,527
Municipal Affairs	178,041	130,263	63,951	62,673	114,090	67,590
Newfoundland and Labrador Housing Corporation	15,111	15,111	15,111	15,111	-	-
TOTAL	4,979,894	4,712,263	4,599,079	4,401,881	380,815	310,382

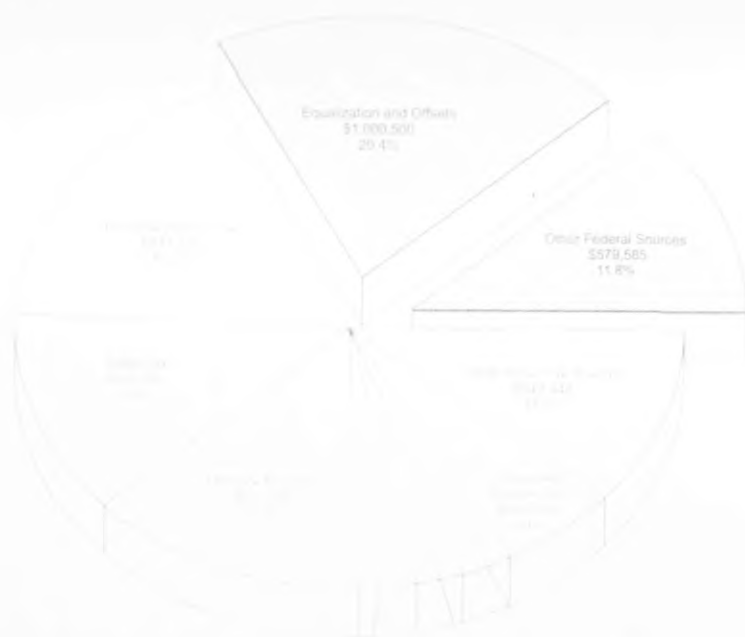
EXPENDITURE SUMMARY
2005-06 Revised

Consolidated Fund Services	588,214	518,111	588,010	518,119	204	(8)
Executive Council	59,681	57,063	54,254	51,636	5,427	5,427
Finance	59,468	1,589	59,468	1,589	-	-
Government Services	28,454	16,592	27,726	15,997	728	595
Labrador and Aboriginal Affairs	6,943	1,507	6,943	1,507	-	-
Legislature	15,784	15,618	15,784	15,618	-	-
Public Service Commission	1,833	1,833	1,833	1,833	-	-
Transportation and Works	296,161	223,123	227,827	193,386	68,334	29,737
Business	1,302	1,302	1,302	1,302	-	-
Environment and Conservation	24,247	17,422	23,657	16,832	590	590
Fisheries and Aquaculture	9,793	7,745	9,532	7,484	261	261
Innovation, Trade and Rural Development	38,064	36,416	25,940	24,292	12,124	12,124
Natural Resources	76,164	63,462	69,863	57,161	6,301	6,301
Tourism, Culture and Recreation	38,085	34,586	33,453	29,954	4,632	4,632
Education	900,784	870,743	874,230	844,189	26,554	26,554
Health and Community Services	1,791,184	1,759,574	1,751,600	1,719,990	39,584	39,584
Human Resources, Labour and Employment	270,891	255,967	270,891	255,967	-	-
Justice	150,646	138,343	149,479	137,176	1,167	1,167
Municipal Affairs	155,341	141,612	71,665	69,198	83,676	72,414
Newfoundland and Labrador Housing Corporation	9,650	9,650	9,650	9,650	-	-
TOTAL	4,522,689	4,172,258	4,273,107	3,972,880	249,582	199,378

EXHIBIT V
NEWFOUNDLAND AND LABRADOR
STATEMENT OF BORROWINGS
2006-07 and 2005-06 Revised

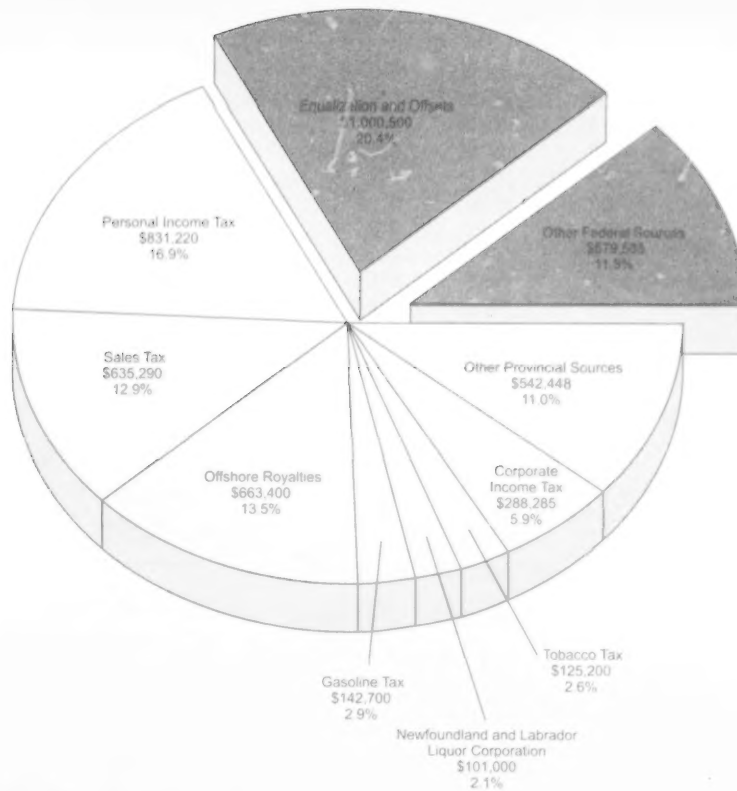
	2006-07 Estimates	2005-06 Revised
	(\$000)	(\$000)
Consolidated Revenue Fund		
Treasury Bill Borrowings	494,000	494,000
General Debentures	6,353,786	5,553,786
Government of Canada	547,373	607,032
	7,395,159	6,654,818
Less: Sinking Funds	(933,954)	(838,274)
Plus: Unamortized Foreign Exchange Gains/Losses	141,126	156,719
	6,602,331	5,973,263
Newfoundland and Labrador Municipal Financing Corporation		
General Debentures	208,784	243,882
Less: Sinking Funds	(11,096)	(10,132)
	197,688	233,750
Newfoundland and Labrador Housing Corporation		
General Debentures	26,400	27,400
Other	5,000	9,000
	31,400	36,400
Other Debt		
Student Loan Corporation of Newfoundland and Labrador	201,000	206,000
Health Care Organizations	180,914	188,427
Miscellaneous	15,244	17,250
	397,158	411,677
Less: Sinking Funds	(5,540)	(4,417)
	391,618	407,260
TOTAL BORROWINGS	7,223,037	6,650,673

EXHIBIT VI
SUMMARY OF CURRENT REVENUES (By Source)
WHERE THE MONEY COMES FROM



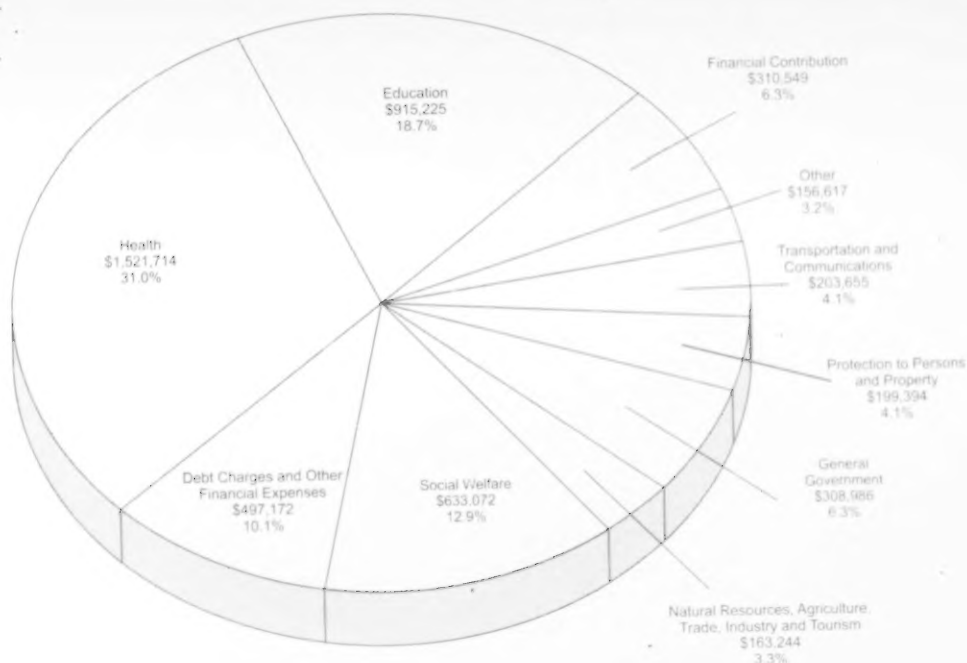
Percentage Of Total		Source	Amount (\$000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
Provincial:				
16.4	16.9	Personal Income Tax	831,220	809,446
12.4	12.9	Sales Tax	635,290	608,467
9.6	13.5	Offshore Royalties	663,400	471,800
2.9	2.9	Gasoline Tax	142,700	141,500
		Newfoundland and Labrador		
2.0	2.1	Liquor Corporation	101,000	99,000
2.4	2.6	Tobacco Tax	125,200	116,400
6.0	5.9	Corporate Income Tax	268,265	297,619
12.8	11.0	Other Provincial Sources	542,448	633,643
64.5	67.8	Total: Provincial	3,329,543	3,177,875
Government of Canada:				
24.0	20.4	Equalization and Offsets	1,000,500	1,183,259
11.5	11.8	Other Federal Sources	579,585	567,508
35.5	32.2	Total: Government of Canada	1,580,085	1,750,767
100.0	100.0	Total	4,909,628	4,928,642

EXHIBIT VI
SUMMARY OF CURRENT REVENUES (By Source)
WHERE THE MONEY COMES FROM



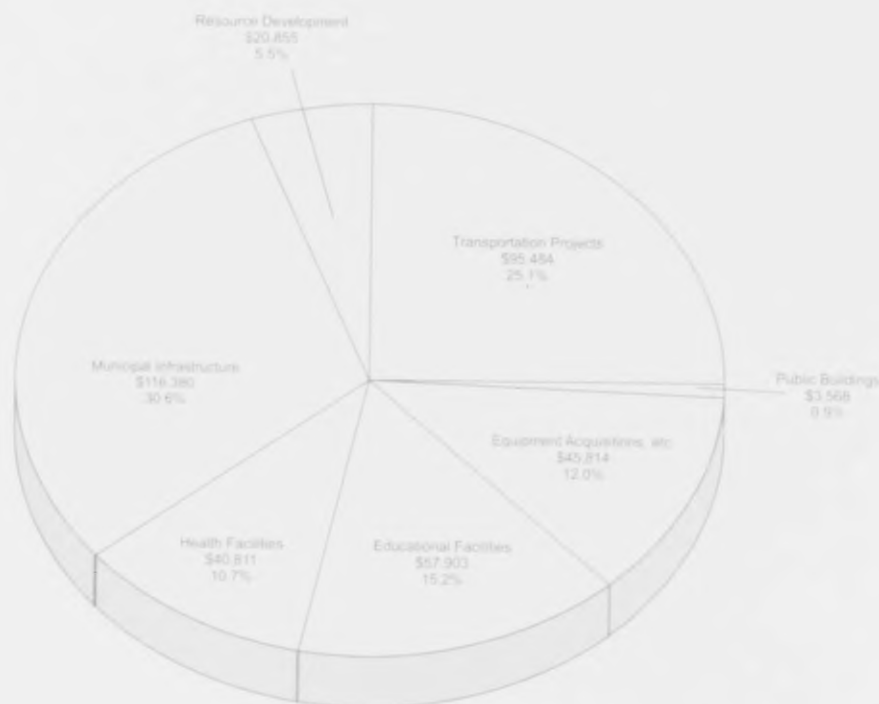
Percentage Of Total		Source	Amount (\$000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
Provincial:				
16.4	16.9	Personal Income Tax	831,220	809,446
12.4	12.9	Sales Tax	635,290	608,467
9.6	13.5	Offshore Royalties	663,400	471,800
2.9	2.9	Gasoline Tax	142,700	141,500
		Newfoundland and Labrador		
2.0	2.1	Liquor Corporation	101,000	99,000
2.4	2.6	Tobacco Tax	125,200	116,400
6.0	5.9	Corporate Income Tax	288,285	297,619
12.8	11.0	Other Provincial Sources	542,448	633,643
64.5	67.8	Total: Provincial	3,329,543	3,177,875
Government of Canada:				
24.0	20.4	Equalization and Offsets	1,000,500	1,183,259
11.5	11.8	Other Federal Sources	579,585	567,508
35.5	32.2	Total: Government of Canada	1,580,085	1,750,767
100.0	100.0	Total	4,909,628	4,928,642

EXHIBIT VII
SUMMARY OF CURRENT ACCOUNT EXPENDITURES (BY FUNCTION)
WHERE THE MONEY GOES



Percentage of Total		Function of Expenditure	Amount (\$000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
		Expenditure:		
17.4	18.7	Education	915,225	858,034
28.3	31.0	Health	1,521,714	1,395,134
10.0	10.1	Debt Charges and Other Financial Expenses	497,172	492,607
		Social Welfare	633,072	594,387
12.1	12.9	Natural Resources, Agriculture, Trade, Industry and Tourism	163,244	130,097
2.6	3.3	General Government	308,986	299,210
6.1	6.3	Protection to Persons and Property	199,394	188,974
3.8	4.1	Transportation and Communications	203,655	172,739
3.5	4.1	Other	156,617	141,925
2.9	3.2			
86.7	93.7	Total: Expenditures	4,599,079	4,273,107
13.3	6.3	Financial Contribution	310,549	655,535
100.0	100.0	Total	4,909,628	4,928,642

EXHIBIT VIII
SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES
(By Function)



Percentage of Total		Category of Capital Expenditure	Amount (\$000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
Expenditure:				
23.1	25.1	Transportation Projects	95,484	57,618
7.9	5.5	Resource Development	20,855	19,675
33.9	30.6	Municipal Infrastructure	116,380	84,630
5.7	10.7	Health Facilities	40,811	14,270
10.6	15.2	Educational Facilities	57,903	26,524
17.4	12.0	Equipment Acquisitions, etc.	45,814	43,305
1.4	0.9	Public Buildings	3,568	3,560
<u>100.0</u>	<u>100.0</u>	Total: Expenditure	<u>380,815</u>	<u>249,582</u>
Source of Financing:				
7.2	18.0	Government of Canada Revenues	68,510	17,856
13.0	0.5	Provincial Revenues	1,923	32,348
79.8	81.5	Financial Requirement	310,382	199,378
<u>100.0</u>	<u>100.0</u>	Total: Sources	<u>380,815</u>	<u>249,582</u>

EXHIBIT IX
SUMMARY OF GROSS GOVERNMENT EXPENDITURES
CURRENT AND CAPITAL
(By Sector)



(TOTAL EXPENDITURE: \$4,979,893,300)

GROSS GOVERNMENT EXPENDITURE

	Estimate 2006-07 (\$000)	Percentage of Total %
Sector Expenditure		
General Government	1,159,796	23.3
Resource	229,141	4.6
Social	3,590,957	72.1
Total: Expenditure	4,979,894	100.0

RESOURCE SECTOR

	Estimate 2006-07 (\$000)	Percentage of Total %
Business	3,819	0.1
Environment and Conservation	30,813	0.6
Fisheries and Aquaculture	15,649	0.3
Innovation, Trade and Rural Development	45,837	0.9
Natural Resources	87,615	1.8
Tourism, Culture and Recreation	45,408	0.9
Total: Resource Sector	229,141	4.6

SOCIAL SECTOR

	Estimate 2006-07 (\$000)	Percentage of Total %
Education	989,369	19.9
Health and Community Services	1,964,913	39.4
Human Resources, Labour and Employment	284,333	5.7
Justice	159,190	3.2
Municipal Affairs	178,041	3.6
Newfoundland and Labrador Housing Corporation	15,111	0.3
Total: Social Sector	3,590,957	72.1

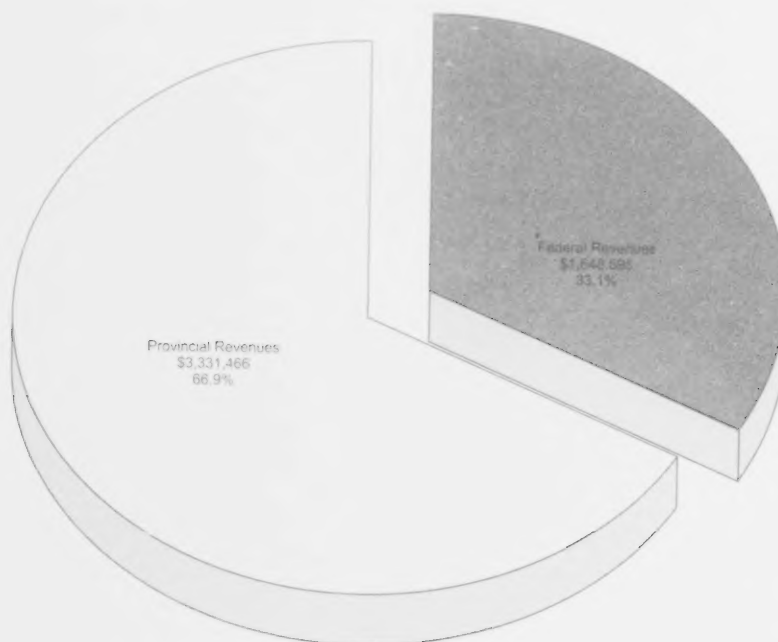
GENERAL GOVERNMENT SECTOR

	Estimate 2006-07 (\$000)	Percentage of Total %
Consolidated Fund Services	569,070	11.4
Executive Council	81,816	1.6
Finance	77,044	1.6
Government Services	30,471	0.6
Labrador and Aboriginal Affairs	4,258	0.1
Legislature	15,810	0.3
Public Service Commission	2,016	0.1
Transportation and Works	379,311	7.6
Total: General Government Sector	1,159,796	23.3

Exhibit 1.2
SUMMARY OF BUDGETARY FINANCING SOURCES
 (For Gross Current and Capital Account Expenditures)

Percentage of Total		Category of Financing	Amount (\$000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
Revenue Sources:				
74.1	68.4	Provincial	1,081,000	1,271,000
25.9	31.6	Federal	1,040,000	798,000
100.0	100.0		2,121,000	2,069,000
Budgetary Requirements				
74	68	Current Account Expenditures	1,080,000	1,000,000
26	32	Capital Account Expenditures	1,040,000	798,000
100.0	100.0	Total Budgetary Requirements	2,120,000	1,798,000
100.0	100.0	Total Sources	2,121,000	2,069,000

EXHIBIT X
SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)



Percentage of Total		Category of Financing	Amount (\$000)	
Revised 2005-06	Estimate 2006-07		Estimate 2006-07	Revised 2005-06
Revenue Sources:				
71.0	66.9	Provincial	3,331,466	3,210,223
39.1	33.1	Federal	1,648,595	1,768,623
<u>110.1</u>	<u>100.0</u>		<u>4,980,061</u>	<u>4,978,846</u>
Budgetary Requirements:				
4.4	6.2	Capital Account (Net Expenditure)	310,382	199,378
<u>(14.5)</u>	<u>(6.2)</u>	Current Account (Financial Contribution)	<u>(310,549)</u>	<u>(655,535)</u>
<u>(10.1)</u>	<u>0.0</u>	Total Budgetary Contribution:	<u>(167)</u>	<u>(456,157)</u>
<u>100.0</u>	<u>100.0</u>	Total: Sources	4,979,894	4,522,689

EXHIBIT XI
NEWFOUNDLAND AND LABRADOR
ESTIMATE OF TAX EXPENDITURES

The principal function of the tax system is to raise the revenues necessary to fund government expenditures in a manner that is both efficient and equitable. The tax system is also an instrument of policy that serves to advance a wide range of economic, social and other public policy objectives. Tax measures that reflect such objectives include exemptions, deductions, rebates, deferrals and credits, and are typically referred to as "tax expenditures". Tax expenditures can be viewed as substitutes for direct program spending.

	(\$ Millions)	
	2006-07	2005-06
Personal Income Tax		
Child Benefit	8.5	8.5
Seniors' Benefit	7.9	7.8
HST Credit	5.7	5.6
Low Income Tax Reduction	5.5	5.5
Labour Sponsored Venture Capital Tax Credit	0.7	0.2
Direct Equity Tax Credit	0.4	0.1
Political Contributions Tax Credit	0.1	0.1
Corporate Income Tax		
Small Business Tax Rate Reduction	18.7	17.8
Manufacturing and Processing Profits Tax Rate Reduction	8.7	8.0
Research and Development Tax Credit	6.8	3.8
New Small Business Tax Holiday	-	0.3
EDGE Remissions	0.9	0.3
Film and Video Industry Tax Credit	4.7	0.3
Offshore Area Tax Reduction	1.4	0.2
Harmonized Sales Tax		
Book Rebate	4.4	3.7
Labrador Building Materials Rebate	0.8	0.5
Gasoline Tax		
Exemptions for Fishing, Aquaculture, Farming and Logging	4.2	4.5
Exemptions for Electricity Generation	1.9	2.0
Exemptions for Municipal Governments	0.9	1.0
Exemptions for Mineral Exploration and Pre-production Development	0.6	0.6
Exemptions for Rock Crushing and/or Screening Aggregates	0.3	0.3
Tobacco Tax		
Labrador Border Zones Reduced Rates	2.0	1.6

EXHIBIT XII
SUMMARY OF SALARY COSTS BY DEPARTMENT
2006-07 and 2005-06 (Revised)

DEPARTMENT	2006-07 Estimates \$	2005-06 Revised \$
Executive Council	26,526,400	20,271,700
Finance	17,724,700	11,792,600
Government Services	21,553,700	19,931,500
Labrador and Aboriginal Affairs	1,628,800	1,279,900
Legislature	7,385,500	7,110,800
Public Service Commission	1,503,400	1,432,500
Transportation and Works	75,309,100	70,723,400
Business	1,729,000	315,900
Environment and Conservation	15,135,200	13,514,900
Fisheries and Aquaculture	6,233,200	5,577,000
Innovation, Trade and Rural Development	10,740,500	9,357,700
Natural Resources	34,759,900	31,176,300
Tourism, Culture and Recreation	8,291,100	8,306,300
Education	12,026,000	11,797,100
Health and Community Services	12,796,000	11,625,700
Human Resources, Labour and Employment	27,681,800	25,294,700
Justice	74,466,400	70,126,700
Municipal Affairs	7,026,200	6,284,700
TOTAL	<u>362,516,900</u>	<u>325,919,400</u>
Less: Capital Account Salary Expenditure	<u>4,006,900</u>	<u>3,347,400</u>
Total: Current Account Salary Expenditure	<u><u>358,510,000</u></u>	<u><u>322,572,000</u></u>

EXHIBIT XIII

ESTIMATED INTEREST AND DEBT RETIREMENT 2006-07

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption
			%	%	\$	\$	\$
Payable in Canadian Dollars:							
1987/2007	5S	42,300,000	10.79	2	4,564,200	846,000	
1987/2010	5R	100,000,000	9 3/8	2	9,375,000	2,000,000	
1988/2008	5T	100,000,000	11 1/4	2	11,250,000	2,000,000	
1989/2012	5U	125,000,000	11 0	2	13,750,000	2,500,000	
1989/2014	5V	150,000,000	10 1/8	1 1/2	15,187,500	2,250,000	
1991/2021	5X	147,892,000	10.95	-	16,194,200		
1993/2013	EC6	81,734,000	5.65	2	4,618,000	1,634,700	
1995/2025	6B	100,000,000	9.15	3/4	9,150,000	750,000	
1996/2026	6C	150,000,000	8.45	3/4	12,675,000	1,125,000	
1997/2007	6E	150,000,000	5.90	-	8,850,000		
1998/2008	6G	250,000,000	5.70	-	14,250,000		
1998/2028	6F	450,000,000	6.15	1	27,675,000	4,500,000	
1999/2009	6J	200,000,000	6.70	-	13,400,000		
1999/2029	6H	200,000,000	6.50	1 1/8	13,000,000	2,250,000	
2000/2030	6K	450,000,000	6.55	1 1/8	29,475,000	5,062,500	
2001/2011	6L	200,000,000	6.4	-	12,800,000		
2002/2010	EC7	200,000,000	5 1/8	-	10,250,000		
2002/2042	6Q	250,000,000	6.24	1/2	15,600,000	1,250,000	
2003/2033	6R	300,000,000	5.60	1 1/4	16,800,000	3,750,000	
2004/2014	6S	300,000,000	5.25	-	15,750,000		
2004/2035	6T	300,000,000	5.70	1 1/4	17,100,000	3,750,000	
2006/2007 Anticipated					10,200,000		
					301,913,900	33,668,200	
Payable in United States Dollars:							
1987/2007	AF	100,000,000	11 5/8	2	13,210,700	2,272,800	
1989/2019	AG	150,000,000	9	1 1/2	15,341,400	2,556,900	
1990/2020	AH	150,000,000	9 7/8	1/2	16,832,900	852,300	
1990/2020	AJ	150,000,000	10	1/2	17,046,000	852,300	
1991/2021	AK	200,000,000	9	1/2	20,455,200	1,136,400	
1992/2022	AM	200,000,000	8.65	1/2	19,659,700	1,136,400	
1993/2023	AN	200,000,000	7.32	3/4	16,636,900	1,704,600	
					119,182,800	10,511,700	
					421,096,700	44,179,900	

EXHIBIT XIII

ESTIMATED INTEREST AND DEBT RETIREMENT 2006-07 (Cont'd)

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption
			%	%	\$	\$	\$
Canada Pension Plan: (20 Year Term)							
1986/87	3A	59,659,000	9.04-10.17	-	3,656,700		59,659,000
1987/88	3A	43,829,000	9.12-11.07	-	4,280,500		
1988/89	3A	41,635,000	9.62-10.39	-	4,196,400		
1989/90	3A	45,188,000	9.15-10.31	-	4,475,100		
1990/91	3A	40,432,000	9.78-11.33	-	4,385,400		
1991/92	3A	40,858,000	9.81-10.04	-	4,052,800		
1992/93	3A	28,770,000	9.17- 9.45	-	2,695,300		
1998/99	3A	1,827,000	5.97	-	109,100		
1999/00	3A	35,282,000	5.89-7.02	-	2,248,100		
2000/01	3A	42,645,000	6.41-6.90	-	2,851,100		
2001/02	3A	52,376,113	6.38-6.85	-	3,452,800		
2002/03	3A	52,104,000	5.88-6.61	-	3,275,400		
2003/04	3A	50,738,000	5.41-6.15	-	2,907,200		
2004/05	3A	47,146,000	5.36-5.92	-	2,675,000		
2005/06	3A	23,987,000	4.91-5.34	-	1,218,700		
					46,479,600		59,659,000
TOTAL					467,576,300	44,179,900	59,659,000

AVERAGE EXCHANGE RATE USED IN CONVERSION

U.S..... 1.1364 Cdn.

EXHIBIT XIV
PUBLIC SECTOR DEBT (i)
2002 to 2006

	Years ending March 31				
	2006*	2005	2004	2003	2002
	(Millions of dollars)				
Provincial Direct Debt:					
Payable in Canadian Dollars	4,246.9	4,346.9	3,945.8	3,714.1	3,464.1
Due Government of Canada	985.4	1,012.1	633.7	633.7	633.7
Payable in U.S. Dollars (ii)	1,339.8	1,391.0	1,508.0	1,688.2	1,833.3
Payable in Swiss Francs	-	-	-	162.7	284.4
Total Debenture and Other Debt.....	6,572.1	6,750.0	6,087.5	6,198.7	6,215.5
Treasury Bills	494.0	494.0	494.0	494.0	494.0
Total Provincial Direct Debt	7,066.1	7,244.0	6,581.5	6,692.7	6,709.5
Crown Corporation and Other Debt:					
Utility	1,400.1	1,414.0	1,416.5	1,293.9	1,150.2
Housing	36.4	44.5	57.1	63.4	83.3
Municipal	648.8	640.0	675.3	602.4	594.4
Student Loans	206.0	213.0	213.0	-	-
Other	337.0	345.9	463.9	444.4	424.8
Total Crown Corporation and Other Debt	2,628.3	2,657.4	2,825.8	2,404.1	2,252.7
Deduct Sinking Funds held for					
Redemption of Debt:					
Direct Debt	1,010.6	908.4	785.2	834.4	1,029.9
Guaranteed Debt	376.1	348.6	276.9	255.3	232.8
Total Sinking Funds.....	1,386.7	1,257.0	1,062.1	1,089.7	1,262.7
Total Public Sector Debt (iii)	8,307.7	8,644.4	8,345.2	8,007.1	7,699.5

* Forecast

Notes: (i) Public sector debt differs from net debt as reported in the Province's Public Accounts. The public sector debt includes the funded debt of Government, debt of its Crown corporations and agencies, guaranteed debt, and debt incurred by municipalities. The only financial asset deducted is the face value of sinking funds held for the retirement of debt. The total public sector debt does not include payables and accruals, or unfunded liabilities related to pensions, severance or post-retirement benefits.

(ii) For 2006, U.S. dollar debt is converted to the Canadian dollar equivalent using the exchange rate of 1.1650.

(iii) Includes guaranteed debt, net of related sinking funds, in the amounts of \$1,534.5 million, \$1,697.4 million, \$1,985.6 million, \$1,758.0 million and \$1,664.5 million at March 31, 2002 to 2006, respectively.

EXHIBIT XV

SUMMARY OF RELATED REVENUES AND EXPENDITURES - CRF

BY MAIN OBJECT AND SECTOR

2006-07 and 2005-06 Revised

	General Government Sector 2006/07 (\$000)	Resource Sector 2006/07 (\$000)	Social Sector 2006/07 (\$000)	Total 2006/07 (\$000)	% of 2006/07 Total %	Total 2005/06 Revised (\$000)
Current:						
Salaries	148,132	76,783	133,595	358,510	7.8	322,572
Employee Benefits	123,211	683	1,441	125,335	2.7	144,318
Transportation and Communications	15,455	15,749	12,497	43,701	1.0	36,677
Supplies	49,643	7,707	21,892	79,242	1.7	72,301
Professional Services	26,728	8,914	281,689	317,331	6.9	283,270
Purchased Services	154,358	33,638	35,722	223,718	4.9	179,011
Property, Furnishings and Equipment	3,395	1,438	1,846	6,679	0.1	8,355
Allowances and Assistance	7,593	20	375,231	382,844	8.3	357,091
Grants and Subsidies	16,953	59,938	2,493,201	2,570,092	55.9	2,377,210
Debt Expenses	488,811	-	2,816	491,627	10.7	492,302
Gross Current Expenditure	1,034,279	204,870	3,359,930	4,599,079	100.0	4,273,107
Federal Revenue Sources	(2,826)	(8,476)	(71,566)	(82,868)	42.0	(75,477)
Provincial Revenue Sources	(62,633)	(16,827)	(34,870)	(114,330)	58.0	(224,750)
Total Current Related Revenues	(65,459)	(25,303)	(106,436)	(197,198)	100.00	(300,227)
Net Current Expenditure	968,820	179,567	3,253,494	4,401,881		3,972,880
Capital:						
Salaries	3,500	106	401	4,007	1.0	3,347
Employee Benefits	-	-	2	2	0.0	4
Transportation and Communications	1,134	5	100	1,239	0.3	1,217
Supplies	2,788	5	3	2,796	0.7	738
Professional Services	11,725	60	24,975	36,760	9.7	10,754
Purchased Services	81,075	4,996	39,899	125,970	33.1	67,313
Property, Furnishings and Equipment	24,221	4,599	20,281	49,101	12.9	54,647
Loans, Advances and Investments	600	14,500	8,000	23,100	6.1	22,175
Grants and Subsidies	-	-	136,925	136,925	36.0	87,311
Debt Expenses	474	-	441	915	0.2	2,076
Gross Capital Expenditure	125,517	24,271	231,027	380,815	100.0	249,582
Federal Revenue Sources	(21,855)	(155)	(46,500)	(68,510)	97.3	(17,856)
Provincial Revenue Sources	(1,923)	-	-	(1,923)	2.7	(32,348)
Total Capital Related Revenues	(23,778)	(155)	(46,500)	(70,433)	100.0	(50,204)
Net Capital Expenditure	101,739	24,116	184,527	310,382		199,378
Total Net Expenditure	1,070,559	203,683	3,438,021	4,712,263		4,172,258

EXHIBIT XVI
DETAILS OF CAPITAL EXPENDITURES - CRF
ESTIMATES 2006-07

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE \$	RELATED REVENUE \$	NET EXPENDITURE \$
CONSOLIDATED FUND SERVICES				
1.2.01	Recoveries on Loans, Advances and Investments		421,500	(421,500)
1.3.01	Various Facilities	103,800	-	103,800
1.4.02	Issues Under Guarantee	100,000	1,000	99,000
TOTAL		203,800	422,500	(218,700)
EXECUTIVE COUNCIL				
4.1.04	Application Management	9,740,100	-	9,740,100
4.1.05	Infrastructure Services	3,594,000	-	3,594,000
TOTAL		13,334,100	-	13,334,100
FINANCE				
2.1.06	Financial Assistance	500,000	-	500,000
TOTAL		500,000	-	500,000
GOVERNMENT SERVICES				
1.2.02	Administrative Support	299,000	105,000	194,000
TOTAL		299,000	105,000	194,000
TRANSPORTATION AND WORKS				
1.2.05	Administrative Support	1,650,000	325,000	1,325,000
2.2.05	Salt Storage Sheds	2,400,000	-	2,400,000
2.3.03	Equipment Acquisitions	12,296,000	125,000	12,171,000
3.2.04	Administrative Support - Road Construction	112,600	-	112,600
3.2.05	Improvement and Construction - Provincial Roads	4,000,000	-	4,000,000
3.2.06	Canada Strategic Infrastructure Fund	33,700,000	13,900,000	19,800,000
3.2.07	Trans Labrador Highway	41,700,000	7,500,000	34,200,000
3.2.09	Land Acquisition	8,000,000	-	8,000,000
3.3.02	Development of New Facilities	1,000,000	-	1,000,000
4.1.04	Airstrips	1,400,000	1,400,000	-
4.2.05	Ferry Terminals	2,677,000	-	2,677,000
4.2.06	Ferry Vessels	2,244,500	-	2,244,500
TOTAL		111,180,100	23,250,000	87,930,100
ENVIRONMENT AND CONSERVATION				
1.2.04	Administrative Support	1,111,000	-	1,111,000
TOTAL		1,111,000	-	1,111,000
FISHERIES AND AQUACULTURE				
3.1.02	Aquaculture Capital Equity Investment	3,500,000	-	3,500,000
TOTAL		3,500,000	-	3,500,000
INNOVATION, TRADE AND RURAL DEVELOPMENT				
1.2.05	Administrative Support	20,000	-	20,000
3.1.05	Strategic Enterprise Development Fund	9,000,000	-	9,000,000
TOTAL		9,020,000	-	9,020,000

EXHIBIT XVI

DETAILS OF CAPITAL EXPENDITURES - CRF

ESTIMATES 2006-07

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE \$	RELATED REVENUE \$	NET EXPENDITURE \$
NATURAL RESOURCES				
1.2.03	Administrative Support	1,467,000	-	1,467,000
2.1.04	Resource Roads Construction	3,500,000	-	3,500,000
3.1.03	Land Development	2,255,000	155,000	2,100,000
TOTAL		7,222,000	155,000	7,067,000
TOURISM, CULTURE AND RECREATION				
1.2.04	Administrative Support	1,000,000	-	1,000,000
3.1.07	Newfoundland and Labrador Film Development Corporation	2,000,000	-	2,000,000
3.1.08	Rooms Facility	418,000	-	418,000
TOTAL		3,418,000	-	3,418,000
EDUCATION				
3.1.09	School Facilities - New Construction and Alterations to Existing Facilities	20,480,000	-	20,480,000
4.2.02	Physical Plant and Equipment - Memorial University	20,823,000	-	20,823,000
4.3.02	Physical Plant and Equipment - College of the North Atlantic	8,600,000	-	8,600,000
4.4.04	Newfoundland and Labrador Student Loans Program	8,000,000	-	8,000,000
TOTAL		57,903,000	-	57,903,000
HEALTH AND COMMUNITY SERVICES				
3.2.01	Furnishings and Equipment	14,800,000	-	14,800,000
3.2.02	Health Care Facilities	40,706,700	-	40,706,700
TOTAL		55,506,700	-	55,506,700
JUSTICE				
1.2.04	Administrative Support	1,376,900	-	1,376,900
3.3.01	Court Facilities	2,150,000	-	2,150,000
TOTAL		3,526,900	-	3,526,900
MUNICIPAL AFFAIRS				
1.2.03	Administrative Support	110,000	-	110,000
3.2.01	Municipal Infrastructure	46,124,500	-	46,124,500
3.2.02	Federal/Provincial Infrastructure Programs	36,660,000	18,700,000	17,960,000
3.2.03	Canada/Newfoundland and Labrador Gas Tax Program	15,800,000	19,800,000	(4,000,000)
3.2.04	Community Development - Coastal Labrador	4,135,600	-	4,135,600
4.1.04	Disaster Assistance	11,260,000	8,000,000	3,260,000
TOTAL		114,090,100	46,500,000	67,590,100
TOTAL: CAPITAL ACCOUNT EXPENDITURES		380,814,700	70,432,500	310,382,200

EXHIBIT XVII
DETAILS OF TANGIBLE CAPITAL ASSET ACQUISITIONS - CRF
ESTIMATES 2006-07

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE \$	RELATED REVENUE \$	NET EXPENDITURE \$
EXECUTIVE COUNCIL				
4.1.04	Application Management	9,740,100	-	9,740,100
4.1.05	Infrastructure Services	3,594,000	-	3,594,000
TOTAL		13,334,100	-	13,334,100
GOVERNMENT SERVICES				
1.2.02	Administrative Support	299,000	105,000	194,000
TOTAL		299,000	105,000	194,000
TRANSPORTATION AND WORKS				
1.2.05	Administrative Support	1,650,000	325,000	1,325,000
2.2.05	Salt Storage Sheds	2,400,000	-	2,400,000
2.3.03	Equipment Acquisitions	12,296,000	125,000	12,171,000
3.2.04	Administrative Support	112,600	-	112,600
3.2.05	Improvement and Construction - Provincial Roads	4,000,000	-	4,000,000
3.2.06	Canada Strategic Infrastructure Fund	33,700,000	13,900,000	19,800,000
3.2.07	Trans Labrador Highway	41,700,000	7,500,000	34,200,000
3.2.09	Land Acquisition	8,000,000	-	8,000,000
3.3.02	Development of New Facilities	1,000,000	-	1,000,000
4.1.04	Airstrips	1,400,000	1,400,000	-
4.2.05	Ferry Terminals	2,677,000	-	2,677,000
4.2.06	Ferry Vessels	2,244,500	-	2,244,500
TOTAL		111,180,100	23,250,000	87,930,100
ENVIRONMENT AND CONSERVATION				
1.2.04	Administrative Support	1,111,000	-	1,111,000
TOTAL		1,111,000	-	1,111,000
INNOVATION, TRADE AND RURAL DEVELOPMENT				
1.2.05	Administrative Support	20,000	-	20,000
TOTAL		20,000	-	20,000
NATURAL RESOURCES				
1.2.03	Administrative Support	1,467,000	-	1,467,000
2.1.04	Resource Roads Construction	3,500,000	-	3,500,000
3.1.03	Land Development	2,255,000	155,000	2,100,000
TOTAL		7,222,000	155,000	7,067,000

EXHIBIT XVII
 DETAILS OF TANGIBLE CAPITAL ASSET ACQUISITIONS - CRF
 ESTIMATES 2006-07

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE \$	RELATED REVENUE \$	NET EXPENDITURE \$
TOURISM, CULTURE AND RECREATION				
1.2.04	Administrative Support	1,000,000	-	1,000,000
3.1.08	Rooms Facility	418,000	-	418,000
TOTAL		<u>1,418,000</u>	<u>-</u>	<u>1,418,000</u>
JUSTICE				
1.2.04	Administrative Support	1,376,900	-	1,376,900
3.3.01	Court Facilities	2,150,000	-	2,150,000
TOTAL		<u>3,526,900</u>	<u>-</u>	<u>3,526,900</u>
MUNICIPAL AFFAIRS				
1.2.03	Administrative Support	110,000	-	110,000
TOTAL		<u>110,000</u>	<u>-</u>	<u>110,000</u>
TOTAL: TANGIBLE CAPITAL ASSET ACQUISITIONS		<u>138,221,100</u>	<u>23,510,000</u>	<u>114,711,100</u>



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